Making Disciples Through

The Ministry of Church Finance

"We are not at liberty to use what He has lodged in our hands as we please, but as He pleases, who alone is the Possessor of heaven and earth, and the Lord of every creature. We have no right to dispose of anything we have but according to his will, seeing we are not proprietors of any of these things."

John Wesley, The Good Steward sermon

OKLAHOMA
UNITED METHODIST
FOUNDATION

The Oklahoma United Methodist Foundation

Greetings from the Bishop


Bishop Robert E. Hayes Jr.

Dear Local Church Team Members Related to Stewardship and Finance,

I am excited to recommend this manual on the Ministry of Church Finance for your use.

It is difficult to overstate the importance of the ministry of money in the local church. Money and its use are spiritual issues, and giving is a spiritual discipline.

I commend this manual to you as a guide to the various phases of financial management and the importance of financial health in making disciples of Jesus Christ. Please make appropriate use of this resource and implement its suggestions and recommendations for the health of your church finances.

Yours in continuing to make disciples,

Bishop Robert E. Hayes Jr.

"Do all the good you can, by all the means you can, in all the ways you can, in all the places you can, at all the time you can, to all the people you can, as long as you can."
John Wesley

Greetings from The Oklahoma United Methodist Foundation

The Oklahoma United Methodist Foundation is committed to educating pastors, individuals, and congregations about the tools and techniques individuals and churches can use to get their financial affairs in order. The Foundation is uniquely empowered by The Oklahoma Annual Conference and the Book of Discipline to administer, manage, and invest endowments, charitable trusts and special purpose funds. The Foundation is also charged with encouraging and promoting estate and planned giving options for individuals to support their local church and other United Methodist ministries.

The Foundation balances its resources between managing endowments and other existing funds and seeking new gifts. We work throughout the Conference to promote better understanding of the various giving options available to individuals, and to provide an increased awareness of the many needs where charitable gifts can make a lasting impact on ministry of the Church.

The Foundation produced this booklet and has other materials available to help you explore various strategies and options related to financial stewardship. We invite you to contact our capable staff or visit our web site at www.okumf.org to request additional information.

We are a ministry to ministries and are at your service.

"Thou shalt raise up the foundations of many generations and thou shalt be called the repairer of the breach, the restorer of paths to dwell in."
Isaiah 58:12

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The Ministry of Money and Church Finance

Sometimes, churches are criticized for having too much interest in money. We wish the financial realities would go away. Yet, even though stewardship is usually associated with money, it actually has more to do with our relationship with God. Even Jesus had a treasury and a treasurer, and with the exception of The Kingdom of God, Jesus said more about money than any other subject in the Bible. The Apostle Paul called for offerings to support the mission of the church.

The focus of the church is on the call of Christ to be faithful in making disciples and being in mission to others. That call cannot be accomplished without healthy financing. We must remember the main reason for giving is not to maintain the church as an institution, but to share what God has given to grow in faith and thereby help the church fulfill its sacred mission. Giving is a spiritual matter and reflects our commitment to Jesus Christ, while money is a "Holy Tool" to help make disciples.

The church is concerned with the whole person. Wise stewardship of our financial resources energizes a strong ministry of outreach and assists individual believers to establish and keep a healthy relationship with money and material possessions in their own lives. <u>Stewardship is EVERYTHING we do after we say "I believe!"</u>

Mission of a Local Church

"The mission of the Church is to make disciples of Jesus Christ for the transformation of the world. Local churches provide the most significant arena through which disciple-making occurs" (The Book of Discipline, ¶120). A congregation with an active and clearly defined financial team assists the church to accomplish its primary task with minimum worry and with maximum hope.

Financial ministry has been an important element of the church from its inception. John Wesley enlisted "stewards" so every local community of faith would have adequate financial support. From the earliest of times, sacrificial giving has been recognized as a spiritual discipline.

Financial ministry in the church involves a team of people dedicated to help the congregation support its mission. The team includes these people and entities:

- The Pastor
- The Committee on Finance
- The Financial Secretary
- The Treasurer
- The Trustees
- The Ministry Group on Stewardship
- The Endowment Committee

The roles of each of these will be explored in the subsequent pages.

The Role of the Pastor

The pastor has a special role in the financial ministry of the church. Specifically, five responsibilities relate to church finance. **The first is "to provide leadership for the funding ministry of the congregation"** (¶340.*2c*.2c).

The pastor begins to fulfill this responsibility by taking an active role in the committee on finance and the ministry group on stewardship (if the church has such a group). Pastors must have a good understanding of the basic principles of money management. Church members expect their leaders, including the clergy, to be good stewards of the resources given. Clergy cannot abdicate this important element of church administration. Being a good steward requires understanding church finances. Clergy who are deficient in this area should obtain training.

The clergy, along with the committee on finance, should encourage broad-based congregational participation in the budget building process. The church budget is the projection for spending in any given calendar year. Volunteers who work in many areas of the congregation's life should be encouraged to participate in the budget-building process. This participation will help raise funds for the budget and also help ensure every area of ministry and mission is adequately funded.

The pastor, along with the committee on finance, supervises the groups within the church to ensure money is being used in accordance with the policies of the committee on finance and the church council or board. The pastor assists the treasurer in seeing disbursements occur as they have been prioritized by the committee on finance.

The second responsibility of the pastor regarding finance is "to model and promote faithful, financial stewardship and to encourage giving as a spiritual discipline" (¶340.*2c*.2d).

The pastor should fulfill a part of this responsibility by preaching regularly about stewardship and the use of financial resources. Stewardship is not just about money, rather, a lifestyle commitment. Preaching and teaching about stewardship must be ongoing throughout the life of the congregation. The connection must be made between giving and the ministries accomplished through our gifts, and between the commitments of our hearts with the commitment of our money.

One very important way the pastor should fulfill this responsibility is by setting a lifestyle example. The pastor sets the standard for giving and managing personal finances for the congregation. One cannot easily preach and teach tithing unless one is living the standard and thus demonstrating the standard for all others.

It is extremely helpful, if not essential, for the pastor to be aware of the giving patterns of the congregation. The pastor should know everything about giving records. This information should never be shared by the pastor with others, and should never be abused or misused by the pastor. In some cases when the pastor may not want to know the specific records, it is appropriate that the financial secretary prepare a list of the top givers and gifts, but not necessarily matched together. It is also helpful for the pastor to be informed of a sudden change in a family's giving pattern, so the pastor may be sensitive to possible ministry needs of that family.

The pastor can also take a lead role in promoting and educating the congregation on giving opportunities, both for and beyond the annual budget. Promoting educational opportunities about wills and estate planning and celebrating such gifts can encourage action and results.

The third role of the pastor is "to lead the congregation in the fulfillment of its mission through full and faithful payment of all apportioned ministerial support, administrative, and benevolent funds" (¶340.*2c*.2e).

The pastor can carry out this role by creating opportunities to tell the stories of what apportionments do for The United Methodist Church. Many sources of information are available to help interpret apportionments. One is the Oklahoma Annual Conference's *"United in Ministry: Through Our Apportionments."* This report contains a description of how every apportionment fund is to be used. Another is the Conference web site, **www.okumc.org**, where the treasurer's page includes a description of the apportioned funds. A third resource may be a member of the congregation or of a neighboring congregation who may serve on a Conference board or agency. Such a person could be asked to describe the work of the particular committee. Pastors may talk with agency chairpersons about the work of their agencies and learn more about those ministries and missions. Also, the General Council on Finance and Administration provides a variety of resources to help interpret apportionments around the world through its web site, **www.gcfa.org**.

It is important that pastors help congregations make apportionment payments in a timely manner and thereby help support the world church family. The committee on finance should, with the pastor's help, develop a policy within the local congregation to pay the congregation's full apportionments.

The pastor, through the Annual Conference, is connected and in ministry with every United Methodist Church in the Conference and in the world. The pastor is expected to teach the meaning of "connectionalism" as it is traditionally understood in The United Methodist Church. This teaching is particularly important when members come from other Christian or non-Christian traditions. The place to begin an understanding of connectionalism is The Book of Discipline, ¶131, 701.1 and 2501. We are all in this together, whether laity or clergy.

Another important way the pastor may help carry out this role is to understand the formula used to calculate the apportionments going to the conference and the General Conference. It is essential for clergy to know how this formula works and to clarify misperceptions when they occur.

The fourth role for pastors is "to give an account of their pastoral ministries to the charge and annual conference according to the prescribed forms" (¶340.*2c*.2b), and "**to care for all church records and local church financial obligations and certify the accuracy of all financial, membership, and any other reports submitted by the local church to the annual conference for use in apportioning costs back to the church**" (¶340.*2c*.2f).

The pastor fulfills this role by seeing that all charge conference forms are completed and given to the District Superintendent at the time of the scheduled charge conference. Those forms are made available by the District Superintendent's office either by mail or going online to the finance section of the Conference web site.

The second way this is done is through the careful submission of statistical information each year to the Conference office. The pastor should meet with the treasurer, the financial secretary, and the membership secretary to gather the information to complete the necessary forms. Once the forms are completed, the pastor reviews them for accuracy and submits them to the District Office. From this data the apportionments are calculated for the next year and provided to the pastor and the church financial leadership.

The fifth responsibility of the pastor is to encourage giving. The following list includes examples of how this goal can be achieved:

1. Preach throughout the year on Biblical themes pertaining to being good stewards of one's trust from God. Preach and exemplify tithing from income as well as giving from accumulated possessions.
2. Teach in adult education settings the subject of responsible Christian stewardship in matters of personal money management, financial planning, and estate planning.
3. Counsel with persons as a part of pastoral ministry on the importance of personal money management, financial planning, and estate planning, especially in conjunction with premarital and marriage counseling.
4. Encourage the lay leadership to plan, attend, and support stewardship events in the local church, such as estate and gift planning workshops and financial planning seminars.
5. Acknowledge and publicize the receipt of bequests and other special gifts and memorials which benefit the local church, thus encouraging others and also providing a way to say "thank you" to donors.
6. Evaluate your own personal estate plans. Talk with your spouse (if applicable). Consider including the church or other ministries in your own will.
7. Minister patiently, faithfully and persistently. Christian stewardship takes time to bear fruit.

"Do not let this Book of the Law depart from your mouth, meditate on it day and night, so that you may be careful to do everything written in it. Then you will be prosperous and successful."
Joshua 1:8

The Role of the Committee on Finance

The Book of Discipline provides for the committee on finance to be made up of persons who, by virtue of other leadership responsibilities, link the committee to other areas of congregational life, as well as several persons who are nominated in recognition of their commitment and witness of personal stewardship.

The members of the committee are as follows (¶258.4):

Chairperson
Pastor(s)
Lay Member of the Annual Conference
Chairperson of the Church Council
Representative of the Committee on Pastor-Parish Relations
Representative of the Trustees
Chairperson of the Ministry Stewardship Group
Lay Leader
Financial Secretary
Church Treasurer
Church Business Administrator
Others as determined by the Charge Conference

(With the exception of the pastor, when persons serve on the committee on finance who are employees, such as a financial secretary, treasurer, business administrator, etc., they serve with voice, but without vote.)

Functions and Responsibilities of the Committee on Finance

1. Provide Financial Direction: One of the important tasks of the committee is to manage and guide the financial health of the congregation. The congregation must have a sense of direction, a plan to improve financial stewardship, and a way to monitor the ongoing finances of the church. The plan for stewardship helps the other committees or teams of the church build programs and know what to expect in financial support for their ministries. The congregation wants to know the church's finances are managed with integrity and with appropriate checks and balances.

2. Provide for the Annual Funding Program: Although funding ministry of the church is ongoing, most congregations need a particular time of year when financial commitments are encouraged and members are asked to count their individual blessings and examine how those blessings impact their tithes and offerings. When a congregation fails to encourage its members in a regular and systematic commitment of their resources, the giving and the congregation may be in irreversible decline. Also, when a congregation fails to promote intentional, regular annual giving, that congregation and its members usually fall far short of their potential in exercising the spiritual gift of generosity. It may be preferable for a separate stewardship ministry team to carry out this function (see page 13). When no such team exists, the committee on finance may appoint a task force to perform these specific duties.

The goals of a budget campaign are threefold:

- To make new disciples and help members grow as disciples of Jesus Christ.
- To increase the number of commitments received from members and constituents, thus enlarging the financial base of support for the church's mission.
- To increase the amount committed by those giving to the church to help ensure that the vital ministries of the congregation receive adequate support.

Planning for a Fall campaign should begin in the Spring. The steps in planning a campaign are as follows:

1. Select a highly committed member of the congregation to chair the campaign, preferably someone other than the chair of the committee on finance).
2. Select a theme for the campaign and assemble a team to help implement the theme.
3. Develop a time-frame for each part of the campaign.
4. If outside leadership is desired, secure the leader as early as possible.
5. Order or create the materials needed for the campaign.

Resources for funding campaigns have been developed by United Methodist Communications and may be obtained through organizations such as Discipleship Resources or Cokesbury. Go to **http://www.gbod.org/stewardship** and click on Local Church Resources, then Annual Campaigns for more resources.

3. Provide for the Church's Budget: Creating and administering a fully funded program budget is an important task of the committee. The budget becomes an expression of the congregation's identity and priorities. Building a budget should include the following:

- Understanding the congregation's vision of ministry. In addition to making disciples of Jesus Christ, what is the church's local mission statement? How does the budget reflect the priorities as included in the mission statement?
- Invite broad-based input into the process of creating the congregation's vision and goals. The more people who are involved in developing the goals, the more ownership the members will have in the final budget.
- Invite committees and boards to submit their funding requests, and if necessary, ask them to meet with the committee to help the committee understand their requests.
- The budget should be an internal document until the commitments are known. The premature distribution of a budget not yet funded could result in misunderstanding, confusion, and potential conflict.
- After the financial commitments have been received, create the line-item budget. Begin with expected income and attempt to produce a balanced budget. If reductions seem necessary, ask the submitting groups to consider how their requests may be modified.

- Expected income may include some of the following:

Normal Operating Budget Income	Not Recommended For Budget
Commitments from members	Memorial gifts
New member commitments	Endowment earnings
Loose plate offerings	Wills
Regular non-pledged gifts	Capital fund pledges
Building usage contributions	Cash reserves
Special offerings	Interest from special fund accounts
Sunday school offerings	
Interest earnings	

- The budget is built on the basis of anticipated income and consideration of funding priorities established by the congregation's mission statement and goals. The budget is submitted to the church council or administrative board.

4. **Provide Financial Communications:** The financial environment of the congregation can be improved a great deal by keeping the channels of communication open. Remember, numbers are not always adequate by themselves. When reporting, include the good things gifts make possible in the life of the congregation. Find ways to tell the stories about how lives are impacted because of the numbers. Consider the following avenues for communicating your message:

- **The Worship Bulletin:** 52 chances every year to share important information. Be creative and show more than numbers. Tell the stories!
- **Offertory Sentences and Announcements:** report on how the money is used.
- **Church Newsletter:** say "thank you" a lot, but also deal with whatever the financial reality may be.
- **Giving Statements:** another way to say "thank you" and share information. Recommended at least quarterly, perhaps monthly. Use the statement's blank side to tell the stories!
- **Understand and communicate the annual "flow" of giving and expenses:** this helps the congregation avoid undue pessimism or unfounded optimism.

5. **Provide for Financial Reports:** Financial reports demonstrate accurate records are maintained and should be prepared for each meeting of the church council. The report should present both a current month and year-to-date picture of the finances. The entire congregation looks to the committee on finance for signals about the financial health of the church.

- **Treasurer's Report:** this report details monthly, quarterly, and annual cash flow and the current status of the finances. Understanding the annual giving and spending patterns can help avoid undue pessimism at points during the year.
- **The Finance Chairperson's Report:** the finance chair can provide perspective and assurance someone is looking out for the congregation.

6. **Provide Substantiation:** A critical role under current IRS regulations is providing donors with adequate substantiation of charitable gifts. Visit **www.irs.gov** for more information.

7. Provide Safeguards for Church Funds: Proper handling of funds donated to local churches is a critical responsibility. These funds are unfortunately vulnerable to the risk of theft or misappropriation. Most of the suggestions to avoid mishandling local church funds are based on common sense. For security purposes, the following rules should be followed:

a. Make sure that **two unrelated** persons always handle the collected offerings at every stage. These steps include taking them from the offering plates, depositing them for safekeeping, counting, and then depositing the funds in the church account. If locked bank bags are used, the person who takes the bag with the money to the bank should not have a key to the bag.

b. Persons who handle church funds regularly should be bonded. Check with the board of trustees to make sure theft insurance and bonding are part of the congregation's insurance package.

c. Receipt and disbursement functions should be handled separately and assigned to different individuals. **The person who counts and deposits the money should not be the same person** who writes the checks and pays the bills.

d. Church funds **should not** be taken to anyone's private home. Checks should be stamped "for deposit only" **before they leave the church**. All funds should be counted and placed in secured bags for bank deposit or placed in the church safe for deposit as soon as possible. Churches can possibly arrange for the bank to hold the funds via its night depository. The money can then be counted the next day either at the church or at the bank.

e. Financial reports should be audited on an annual basis, and detailed monthly reports should be kept and reviewed. The recommendation is at least three unrelated individuals should be responsible for the separate functions of check writing, monthly bank statement reconciliation and the yearly audit.

8. Make sure there are policies and procedures for the investment and distribution of designated or special accounts, such as scholarship, memorial, building funds, etc., which are consistent with the socially responsible principals of the church (¶716). The goal is to attain reasonable earnings for these ongoing accounts. Remembering the Parable of the Talents (Matt. 25:14-30), we recognize God's money should be wisely employed for gain so it can better serve the causes for which it was given. The Oklahoma United Methodist Foundation provides a variety of investment opportunities for both long-term and short-term funds.

9. Provide for the Annual Audit: An audit is the best way for a local church to protect those persons it elects to offices of financial responsibility. The audit guards against unwarranted charges of carelessness or improper handling of funds. Having an annual audit is not an expression of distrust, rather a sign of support for the work of elected officials.

An audit is an explanation of all financial records, assuring the church all records are accurate. The audit also provides a way to correct any errors before they become too complicated and can assist the church in discovering new and better ways of doing the work.

Normally an audit is made within a month or two of the close of each fiscal year or when there is a change of persons keeping these records.

The audit committee is appointed by the committee on finance and is made up of people not related to any of the individuals who keep the financial records for the church. Some churches hire professional accountants for this purpose. If the church has members who are certified public accountants, bankers, or skilled bookkeepers, they could be approached to be on this committee.

The audit committee reports to the charge conference and makes recommendations for any improvements in procedure to that body. A copy of the report is to be given to the District Superintendent. The General Council on Finance and Administration has a marvelous tool called The Local Church Audit Guide available on their web site, **www.gcfa.org**.

10. Preserve Financial Records: Preserve the records for the financial secretary, treasurer, and annual audit in a safe place for at least seven years. If most of the record keeping is done on computer, backup should be made regularly. Two copies should be made, one to keep somewhere in the church building and one to store off site – such as a bank box where other important legal papers are kept. All invoices, vouchers, and canceled checks are to be stored for a similar period; they may be kept at the church in a safe, dry place. Each year the oldest set of records should be destroyed under the direction of the committee on finance. Tax, payroll, and insurance records should be kept permanently.

11. Plan for Giving Beyond the Budget: The congregation's budget should be the foundational finance tool and should generate the funds to operate the ministry and mission of the church. All members should support the regular church budget with the undesignated funds that pay for the mission and outreach ministries. These include the church's share of the ministry to the rest of the world known as apportionments, and the local church program ministries, administrative costs, utilities, pastoral support and maintenance items. Sometimes a congregation may need to raise money beyond the budget. The extra giving may be for capital additions, acquisitions of property, or missions beyond the budget. The committee on finance should seek to generate interest and support for these extra giving opportunities. A good environment for designated giving involves two principles:

a. It is appropriate for the church to ask members to give to special causes.

b. It is appropriate for a person to say, "No thanks, I do not want to give to this cause."

When a church provides its members the opportunity to make gifts beyond the budget, the congregation's total giving to ministry often increases.

12. Encourage Planned Giving: Planned giving is distinct from the weekly offering or the every member commitment program. The weekly offerings generally come out of the donor's income. Planned gifts are most often contributed out of the donor's accumulated assets. Planned gifts provide many options for members to express their stewardship and support of the church for a long time after they are no longer a part of the community. The Oklahoma United Methodist Foundation offers a wealth of information and expertise in this area.

"Trust God from the bottom of your heart, don't try to figure out everything on your own, listen for God's voice in everything you do, everywhere you go; He's the one who will keep you on track."
Proverbs 3:5-6

The Role of the Financial Secretary

The financial secretary is related directly to the committee on finance. This person, unless an employed staff member, is nominated by the committee on lay leadership and elected by the charge conference. The financial secretary is a member of the charge conference, the church administrative council, and the committee on finance. If this person is an employed member of the staff, he/she has a voice, but no vote at the meetings of the committee on finance and administrative council. The role of financial secretary is most important and sensitive. The financial records are important to the contributors for personal and tax reasons and are important for the planning purposes of the church. The information is important to the pastor as he/she administers the life of the congregation.

The financial secretary should be someone other than the treasurer and should not be directly related to the treasurer. The committee on finance will appoint another person to assist in counting and depositing funds. Again, that person should not be related to the financial secretary or to the treasurer. The office of financial secretary should be bonded by the church's insurance carrier.

The task of the financial secretary is to fulfill the following:

1. Receive and see to the deposit of all funds given to the church.
2. Provide the church treasurer(s) with a record of the funds deposited.
3. Check records with those of the treasurer(s) at least once per quarter. The total of the funds recorded should correspond with the totals indicated in the record of the treasurer(s).
4. Report the amount of revenue to the committee on finance on a monthly basis or at regular intervals. Listing the different types of giving separately is most helpful, (examples: church pledges, non-pledges, church school offering, cash gifts, interest, etc.). Also helpful is if the list of revenue is compared with the previous year revenue to date in each category.
5. Work with the committee on finance to develop policies and procedures for handling all funds, and then implement those policies.
6. Record all funds received from individuals or groups on a separate form. A variety of prepared forms are available from Cokesbury, software manufacturers or you may design your own.
7. Send to individuals (at least quarterly, preferably monthly) a statement of the amount of gifts they have given to the church. Some churches include return envelopes to help remind people of the need for regular contributions. This report should also include words of appreciation and reminders about how the contributions are used.

The Role of the Treasurer

The role of the treasurer for a local church has changed in a significant number of ways over the last few years. The treasurer not only has the responsibilities normally associated with the task, but also must assume some responsibility for payroll taxes, before-tax reimbursement plans, pre-tax cafeteria plans, and all the IRS forms that go with these programs. The treasurer also has the unique responsibility of carrying out the financial decisions made by the committee on finance.

The treasurer, unless an employed member of the staff, is nominated by the committee on lay leadership and elected annually by the charge conference. The treasurer is a member of the charge conference, the church administrative council, and the committee on finance. If this person is an employed member of the church staff, he/she has a voice, but no vote at meeting of the administrative council and the committee on finance.

The duties of the church treasurer are as follows:

1. Keep accurate and detailed records of the expenditures of the church. Columns and items in the treasurer's records should correspond to those listed in the budget as adopted by the church.
2. Disburse funds to the cause for which they have been contributed. If funds are given for advance specials or mission projects, they shall not be used to pay current expenses or other items on the budget. Funds received for non-budgeted purposes shall be expended only for the causes given.
3. Make monthly remittances to the conference treasurer for apportionment payments and other gifts, such as advance specials, that go to the conference. The conference treasurer's office is always willing to answer questions and help clarify how to use the remittance forms.
4. Receive weekly deposit slips from the financial secretary indicating the amounts deposited, along with the statement recording the sources of all funds received and the purpose for which they are given.
5. Provide to the committee on finance and the administrative council a regular report of the expenditures for the year and the fund balances. The report should be accurate, easily interpreted, and include all receipts and disbursements that flow through the books.
6. Implement the policies of the committee on finance to establish procedures for paying bills (which bills to pay in what order), investing "idle" funds, and paying of special offerings. If some bills do not meet the policies established by the committee, consult with the chair of the committee on finance about the bill.
7. If requested, provide to the committee on finance a listing of all checks written each month. Include check number, to whom, and amount. Also, list any voided checks for the month.

8. Be aware of all responsibilities the treasurer has with the different governmental units. For assistance, go to the Conference web site at **www.okumc.org** and click on the Finance tab. or call the conference treasurer's office toll free at 800-231-4166.
9. In most instances there should be a term of office established for the treasurer, perhaps limited to five years. This helps avoid burnout and provides a healthy rotation.

The Stewardship Team or Ministry Group

A stewardship team or group may be elected by the charge conference upon nomination by the lay leadership committee. The chairperson of stewardship shall be a member of the committee on finance. If the charge conference does not elect a stewardship team, the work of this ministry becomes the responsibility of a subgroup of the committee on finance. A member of the committee on finance should be appointed to provide the committee a special emphasis on stewardship.

Stewardship is associated with more than just money. Stewardship has been defined as "the management of God's household." Stewardship is how we manage our entire lives: our gifts, our talents, our resources and possessions, our time and our energy. It is our whole-life response to God.

The task of members of the stewardship team or subgroup of the committee on finance is to educate the church members about what stewardship really means. Stewardship begins with God's love and celebrates our partnership with God as we discover meaning for our lives. The education task of stewardship includes the following:

1. Helping individuals realize that stewardship is a way of life, involving all that we are and all that we do in all areas of our lives. We are recipients of the earth's abundant resources. The way we manage what is entrusted to us is a witness of the love of God.

2. Helping individuals progress through at least five levels of giving. Whether one is giving time, talents, resources, or other gifts, all giving is to be done in love and with a thankful heart, recognizing God is the owner of everything in our life. The levels of giving are:

   a. Giving because of self-interest. This giving usually happens with the expectation that the giver will get something in return or gain some kind of an advantage. This type of giving is not centered on the gift or its purpose, but on the giver.

   b. Giving on impulse. This type of giving is unplanned and random. Usually what is given on impulse is what the giver has available in one's billfold or checking account that can be considered "extra" or "surplus."

   c. Giving because of a sense of obligation or moral responsibility. Sometimes giving to the church is understood only as a duty, maybe as a result of the promise made when one joined the church or for some other reason. This type of giving is usually planned and budgeted from current income.

   d. Giving as a sacrifice. A sacrifice is giving up something of value for the sake of some greater value or something having a more pressing claim. Sometimes sacrificial giving is also understood as not only giving from one's income, but also giving from one's accumulated assets for a worthy cause.

   e. Giving out of joy. This level of generosity is reached when giving becomes an end in itself. When the giver experiences true happiness and fulfillment upon giving, this higher level of giving is discovered.

3. Helping the church to be a good steward of all its resources. This role of the stewardship team could include the following:

a. Focusing on the need of the givers to give as a response to the way they have experienced and received God's love and blessings in their lives.

b. Focusing on teaching tithing and the percentage of income given as a faith commitment.

c. Challenging the leaders of the church to ask, "What more is God calling us to do?"

d. Giving church members opportunities through the year to designate gifts for special causes.

e. Ensuring the annual financial campaigns are based on biblical principles rather than just the need to underwrite a budget.

f. Encouraging church members to envision a future for their church and help them understand the importance of endowment and special gifts.

g. Encouraging and expecting the clergy leader(s) to preach and teach about stewardship all year long.

h. Helping the church develop a policy where all memorial gifts and endowments will be tithed and given to causes beyond the local church.

i. Encouraging every adult member to have a current will and to consider including the church as a beneficiary.

4. Providing educational opportunities throughout the year to help members know stewardship is an attitude of giving and serving. Take every opportunity to teach that the Christian steward worships, studies, gives, serves and loves with joy and thankfulness because of God's grace.

5. Helping members discover and develop their unique and important gifts with which God has blessed them. Make available many opportunities for members to volunteer in and for the church's ministry. This opportunity could include a gift's discovery worksheet, time and talent survey, or, particularly, a study of member's spiritual giftedness.

6. The stewardship team works with the committee on finance by helping the congregation's members to see how the gifts they give to God through the church accomplish the work of the church. The stewardship team should continually invite the church to maximize its resources to the honor and glory of God.

7. The stewardship team also empowers the congregation's members to become faithful stewards of their money and material wealth. The team may do this by offering educational opportunities in the area of personal financial planning, planned giving, wills and estate planning, college investment, retirement planning, credit management, and charitable giving. Providing this kind of program within the church may help move people to a healthier, more well-rounded relationship with their wealth, their faith, and their God.

Trustees: Acceptance and Investment of Trusts, Bequests, Endowments, and Other Local Church Designated Gifts

The local church committee on finance reports to the church council of the local church and to the charge conference. The same is true of the board of trustees.

The trustees are charged with specific functions related to care and maintenance of the church property. One area of relationship between the trustees and the committee on finance is the funding for the regular care, maintenance and repair of church facilities, and the purchase and care of major equipment necessary for the accomplishment of the church's mission. The trustees should make requests for such operational funding to the committee on finance, along with all other church units, for inclusion in the annual budget.

One particular area of interaction can be in the area of policies regarding bequests and endowments. The trustees, under the direction of the charge conference, are to receive and administer all bequests made to the local church, to receive all trusts, and to invest all trust funds of the local church in accordance with laws governing such investments.

Where desired, the charge conference may delegate the power, duty and authority to receive, administer, and invest bequests, trusts, and trust funds to a permanent endowment committee or to a local church foundation (¶2533). If a local church establishes such a permanent endowment committee, this committee is usually authorized to assume these duties from the trustees as spelled out in the endowment charter. A member of the trustees and a member of the committee on finance should be assigned membership on the permanent endowment committee. The committee reports to the charge conference and to the church council.

If a church desires to have an endowment fund but elects not to establish an endowment committee, then the duties of investment and administration may stay with the trustees.

It is part of the directive of The Book of Discipline that "*consideration shall be given to the placement of funds with the conference or area United Methodist foundation for administration and investment*" (¶2534), and that a conscious effort be made "*to invest in institutions, companies, corporations, or funds whose practices are consistent with the goals outlined in the Social Principles*" (¶716). The proper investment and stewardship of special purpose accounts and endowments is an extremely important aspect of ministry in the local church.

A healthy working partnership should be encouraged and maintained between the committee on finance and the trustees/permanent endowment committee to accomplish these goals.

Endowments and Planned Giving: Their Place in the Local Church

If ever there was an organization charged to think and plan in terms of permanence, it is the Church.

In our Service of Confirmation and Reception into the Church we say, *"The Church is of God and will be preserved to the end of time..."* As a part of something so eternal, we must plan for the Church that will be here after we are gone.

An endowment is a bequest, gift, or set of funds intended to be kept permanently and invested to generate earnings for an organization or foundation. The church must plan for future as well as for current mission and ministry. Unless these plans include ways of funding this mission and ministry, they may become empty dreams. The concept of endowment funding expresses our belief that the Church is here to stay to the end of time.

An endowment fund is a good way for your church to make these statements:

- We believe in God's will for the future of this church.
- We are guided in our stewardship by the belief that all we have is a trust from God.
- We are building a sense of permanence in what we do.
- We are good stewards as a church family, even as we expect each member to be a good steward.
- We are "going the extra mile" by providing services and programs that formerly (because of budget constraints) were only dreams.
- We are creating a heritage future generations can celebrate as joyfully as we celebrate our rich heritage today.

Although endowments may be created for many specific ministries in the church, the standard model for a local church endowment program identifies three areas of focus:

1. The Missions Endowment (for missions in and beyond the local community exceeding budgeted mission funds).
2. The Maintenance and Church Property Endowment (for maintenance, care, improvements, and construction of physical facilities beyond ordinary budgeted operational expenses).
3. The General Endowment (for special needs and ministries determined by the church leadership and not included in the regular budget).

While endowments will benefit from both current and deferred gifts, their existence will especially encourage deferred gifts to the church that might otherwise be given to other charities also having endowment funds in place. Jesus said, "Ask and you shall receive."

Endowments also provide opportunities for donors to honor the life and special contributions of others. Gifts given in honor and in memory of family and friends are a major source of assets with which to build endowment funds for the local church. Donors see this as a meaningful way to permanently honor special persons while investing in the present and future of their church.

Recognizing the place of planned giving and endowments in the stewardship program of the local church, the General Conference has enacted legislation enabling a permanent endowment fund committee in every United Methodist church. While this committee is not a part of the "required" organizational structure, it can be one of the most important committees in the church.

A key responsibility of the permanent endowment fund committee is to educate members about and to promote opportunities to support ministry through planned giving. This support includes outright gifts and giving through wills and estate plans. This committee also provides for the stewardship of endowments and other special funds by using prudent investment and distribution policies. The Oklahoma United Methodist Foundation has particular expertise to offer churches in establishing, marketing, and operating a successful endowment and planned giving program.

The Oklahoma United Methodist Foundation can help in these ways:

1. The Foundation helps plant seeds for a planned giving program through formal presentations, workshops, and committee/leadership gatherings in the church.
2. The Foundation provides a step-by-step process enabling churches to establish a permanent endowment committee and can continue to consult with and support their efforts into the future.
3. The Foundation can help potential donors confidentially clarify their charitable gift giving goals.
4. The Foundation can assist churches in developing gift acceptance, investment, and spending policies.
5. The Foundation can provide professional funds management/investment services for the permanent endowment funds and other designated assets as determined by the local church.
6. The Foundation can act as managing trustee for charitable trusts, which ultimately will benefit United Methodist churches or institutions.
7. The Foundation can offer gift annuities or other planned gifts, which provide payments to the donor and ultimately benefit the local church.
8. The Foundation can evaluate the church's planned giving program and recommend adjustments to improve its effectiveness.

"Though it is the smallest of your seeds, yet when it grows, it is the largest of garden plants and becomes a tree, so the birds of the air come and perch in its branches."
Matthew 13:32

Local Church Operating Budget

In the local church, the "operating budget" is the fundamental funding priority. The mission of the church is accomplished in all its forms by these necessary areas. ***In EVERY case, the purpose of the budget is to "Make Disciples of Jesus Christ."*** Every part of the budget has as its basis this purpose. A well-constructed operating budget should include the following categories, beginning with an emphasis on outreach:

OUTREACH AND MISSION

- Support for local and area mission projects
- Funding for emergency relief: natural disaster response, illness, family crises, etc.
- Holiday benevolence projects
- Habitat for Humanity, mission trips, etc.
- Advance Specials of the Annual Conference
- District mission projects
- Conference and District apportionments and benevolences

LOCAL CHURCH PROGRAMMING

- All program operations, supplies, equipment and materials
- Sunday School literature and materials
- Worship and music ministry
- Evangelism
- Education
- Children's programs
- Youth programs
- Family programs
- Other related ministries

OPERATIONS

- Utilities: phone, electricity, water, gas, internet, etc.
- Insurance
- Office supplies, equipment and materials
- Cleaning supplies
- Kitchen and bath supplies
- Other related items as needed

FACILITY

- Cost of new equipment
- Cost of maintenance and repairs to the building and equipment
  - Cost of remodeling or updating the building and equipment
  - Interest and principal payments on church debt

SALARY AND BENEFITS

- All salaries
- Payments for health insurance made by the church in behalf of employees
- Other insurance plans entered into by the employee with matching employer contributions
- Pension share paid by the church plus employees' share if a plan is in place
- FICA
- Continuing education
- Travel and professional expenses
- Contingency
- Staff appreciation and recognition event

"Moreover, it is required of stewards that they be found trustworthy."
Corinthians 4:2

Local Church Funds Beyond the Budget

People may contribute in a number of ways to making disciples of Jesus Christ. Some, but not all are enumerated below.

- **Special Sunday Offerings:** Many of these special Sundays occur throughout the church year. Support for UMCOR, Oklahoma City University, Oklahoma retirement communities, and many other causes are included in this category.
- **Emergency Relief Offerings:** Whenever a catastrophe occurs, natural or otherwise, an opportunity exists for congregations to respond through a special offering.
- **Short-term Capital Projects:** From time to time, short-term capital projects arise. Examples include replacing an HVAC system, re-surfacing the parking lot, replacing the roof, or replacing the guttering. Funds for such projects may be solicited and raised as a short-term project. When the project is completed, the fund is dissolved.
- **Short-term Mission Projects:** From time to time, short-term mission projects may arise, such as feeding refugees, sending out a mission team, or providing water and other supplies for hurricane relief. Funds for such projects may be solicited and raised as a short-term project and distributed, and the fund is then dissolved.
- **Equipment Or Furnishing Projects:** From time to time, needs may arise for new appliances, equipment or furnishings. Special giving may be solicited to provide for these needs. When the need is met, the fund is dissolved.
- **Short-term Memorial Funds:** Short-term memorial funds may be allowed when a particular family wishes to designate memorial gifts to a specific cause, for example, support for a local relief agency, an advance special project, youth ministry or music ministry. These gifts should be used or transferred to a specific fund within a reasonably short period of time. Many churches establish a three to six-month window to use or move these funds.

  All the above funds are to be collected and distributed according to the stated purpose of the fund. They are not to be held. Any excess in the funds, if applicable, should be distributed according to the church council of the church as soon as possible after the designated cause is completed.

- **Ongoing General And Memorial Funds**: These funds are accumulated over time as persons contribute to a general memorial fund. Significant amounts could accumulate. A system must be established by the local church as to the administration of these funds, and the system should be widely publicized. Establishing one or more ongoing funds can be advantageous to attract gifts in memory or in honor of individuals. Special memorial/gift envelopes can be created and placed in easily seen and convenient locations around the church. Families or others interested in establishing a permanent fund should be referred to the permanent endowment committee. The Oklahoma United Methodist Foundation has additional ideas and sample materials available.

- **Other Planned Gifts**: Many individuals have been blessed through hard work and good fortune to possess appreciated land, securities, retirement plans, and other assets. These assets could possibly be used to fund charitable trusts, gift annuities, and other instruments to provide the donor or others a stream of income and potential tax benefits, as well as a significant gift that eventually benefits the church.
- **Capital Funds Campaigns:** When special capital projects occur, such as purchase of property, building a new facility or expansion of current facility, paying off indebtedness on a building project, major renovation of facility, or other major projects, capital fund drives and payment periods solicit special capital funds.
- **Wish List:** A church should keep a "Wish List" of both large and small current and future needs. The church should keep this list up-to-date and publicize it so members can be encouraged to think of these items when considering memorial gifts, year-end gifts, or special occasion opportunities.
- **Gifts Through Wills:** An estimated 60% of American adults die without having a properly executed will in place. Churches should urge members to get their affairs in order as a blessing to their families and the church. By providing education, programs, and materials and by encouraging members to include the church in their wills, great dividends can be gained for the future.
- **Permanent Endowment Funds:** When a church creates a permanent endowment program, the charter usually calls for the church to create and approve several endowment funds to which gifts of any size can be added (see page 16). Other endowment funds may be created, if approved by the committee and/or the charge conference. Policies should specify the minimum amount needed and/or time frame required to create a new permanent fund. Additional guidelines can assist families interested in creating a "named fund" and even assist donors considering a special planned gift or bequest.

"Remember this: Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously. Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver. And God is able to make all things at all times, having all that you need, you will abound in every good work."
II Corinthians 9:6-8

Hints for the Offering

When preparing to pass the offering plates, consider the following ideas:

Be upbeat about the opportunity we have to give to God. Giving is a highlight of worship. Use your "happy" voice when announcing the opportunity. Make a big deal out of the offering. Use such a phrase as, *"Let us now **celebrate** what God has done for us by sacrificially and joyously giving back to God from the bounty God has provided."*

Take one minute each week before the plates are passed to tell a story about how our giving impacts lives.

If you use screen graphics, show a picture of someone in ministry or someone helped by the church as you pass the plates. And tell the story.

Every month, have a different lay person give a testimony about the joy of giving in his/her life, and celebrate how giving blesses them.

From time to time, remind people that we give not because of God's need for our money, but because of our need to give so we can express gratitude to God.

When using the age-worn phrase, *"Our tithes and our offerings,"* remind people that a tithe is 10%, and offerings are our gifts beyond the tithe.

Ask people to give back to God the proportion of their income they believe would honor God and what God would want them to give.

Keep saying it, *"We give because God has given to us. We can not out-give God."*

Remind people we are among the richest 6% to 7% of all the people of the world. We are blessed to live in an age of abundance. From our abundance, we can give sacrificially to God.

Encourage *everyone* to put something in the offering plate as an expression of worship. Even if people give through a monthly check, give an annual gift or send their check through the mail, let everyone witness to the offering by putting *something* in the plate. Encourage everyone to add a dollar to the plate.

Remind people that giving to God, even when times are tough, is a witness to our belief in God's providence for the future. God will provide.

Encourage the children to contribute to the offering. Tithing begins at a tender age.

As pastor, be as visible as possible in making *your* contribution in the offering plate.

Make it a big deal … Because it is!

Who Needs an Estate Plan?

You do not have to be wealthy to consider an estate plan. If you own any property, you have an estate and need a plan to provide for the transfer of that property on your death. Having a will or trust allows you to decide who will receive your property rather than leaving that choice to state law.

Having a will allows you to choose your personal representative who will carry out your wishes. It also allows you to nominate a guardian for minors or individuals with special needs. A will provides a means to remember persons who would not otherwise benefit and to remember United Methodist causes. Without a will the court will appoint someone as personal representative and a may appoint a guardian. These may not be the persons you would have chosen.

You may want to consider a revocable or living trust. This is a written document providing for the management of your property which becomes effective while you are living, unlike a will which takes effect after your death. You appoint a trustee to manage your property for your benefit during your lifetime or in event of your incapacity. You would normally serve as the trustee until you die or become incapacitated. After your death, the trust document will provide for your successor trustee to distribute to those persons and/or charities you have chosen. The primary advantage of a revocable trust is that you avoid the probate court and the distribution of your property is governed by the trust document. Generally, it is less costly and the distribution is faster than going through the probate process. Also, a revocable trust is a private document which is not recorded at the courthouse or anywhere else. However, a revocable trust must be fully funded to avoid probate.

Other estate planning considerations might include a credit shelter trust, Durable Power of Attorney, Advance Directive for Health Care and a pour-over will. (See Glossary of Estate Planning Terms, Appendix 9.)

Under Oklahoma law a will that is entirely written, dated and signed in your own handwriting, and contains no typed or printed portion is valid. However, the problems resulting from this type of will normally are the result of what is not addressed. Without the advice of an attorney, most people who prepare handwritten wills fail to include provisions which are vital for a valid will.

Joint tenancy is a good way to title your property for a married couple. However, to rely on joint tenancy ownership for estate planning is not generally a good idea. It is rarely advisable to create a joint tenancy with someone other than your spouse. There are creditor and tax hazards in joint tenancies as well as other complications and expenses.

Trusting your estate planning to a will or trust kit or software program is not recommended. A will or trust must be prepared within the technicalities prescribed by the law. These technicalities are for your protection and the protection of your heirs. Only a practicing attorney who works extensively in estate planning can perform this service properly. The peace of mind of having a good estate plan in place drafted by a competent attorney is advisable and invaluable.

The Oklahoma United Methodist Foundation is an estate and gift planning resource. Visit the Foundation's web site at **www.okumf.org**.

Eleven Commandments for Planned Giving in the Local Church

I. ASK FOR AND EXPECT A BLESSING. All people die and many leave bequests to charity. Why not include the church? Plant the seeds for bequests and planned gifts and be prepared to accept the blessings! Ask and you shall receive.

II. ESTABLISH WRITTEN GUIDELINES. Establish an Endowment Committee to prepare to receive planned gifts and bequests. This group prepares guidelines to receive, manage, invest, and properly spend planned gifts, as well as identify attractive, realistic targets for the funding.

III. DON'T REINVENT THE WHEEL. Contact the Oklahoma United Methodist Foundation for a free copy of The Planned Giving Handbook for local churches and other useful materials. The Foundation can share ideas on what other churches have done and recommend other resources (visit us on the web at **www.okumf.org**).

IV. BE VISIBLE. Many churches have brochures about their endowment fund(s) and the various ways of giving. Put this information in a visible location. Consider a wall of honor to express gratitude for individuals who include the church in their estate plans. Include success stories in newsletters (with permission, of course).

V. EDUCATE, EDUCATE, EDUCATE. Sponsor programs or seminars for your membership and the community about the importance of having a will and other documents. The Oklahoma United Methodist Foundation and many attorneys and financial planners are willing to share freely their knowledge and expertise of such programs.

VI. EMPHASIZE MEMORIAL GIFTS. Many churches direct undesignated memorial gifts to their endowment. Others have special memorial envelopes, making it convenient to give memorial gifts to endowments.

VII. CLARIFY EXPECTATIONS. Decide how much money is required and over what period of time to establish a separate "named" endowment fund. Many headaches and hard feelings can be avoided by clarifying expectations on the front end.

VIII. TELL EVERYONE HOW THE MONEY WAS SPENT. Once endowments are in place, use the earnings or other distributions for the intended purpose(s) and celebrate the good works. Nothing primes the pump for additional gifts like demonstrating good stewardship of previous gifts.

IX. ENDOWMENTS ARE FOREVER. Only the earnings or a percentage of market value (whichever method is approved) should be spent. Many churches do not start spending from endowments until they reach a certain dollar level or have been in place for a set number of years.

X. BE AN EXAMPLE. Every adult should have a will. Consider tithing your estate or providing a gift for ministry in your own plan.

XI. BE PATIENT. Include planned gifts in building and stewardship campaign goals. Universities have frequently demonstrated that many of the largest gifts received are planned gifts. The Oklahoma United Methodist Foundation is equipped to help with Charitable Remainder Trusts, Charitable Gift Annuities, and other tax-wise planned gifts.

"Give, and it will be given to you. A good measure, pressed down, shaken together and running over, will be poured into your lap."
Luke 6:38

Endowment Ideas

An endowment is money given or set aside as a permanent fund to meet special, designated or emergency needs not met through current income. An endowment is meant to last in perpetuity and only the income or a specific percentage of the market value should be expended each year. An endowment can be named in honor or memory of a loved one and designated to support one or more general or specific uses. For example:

- Scholarships for college for seminary.
- Apportionments and Conference ministries.
- Annually provide Bibles to new members joining the church or a Confirmation class.
- Scholarships for mission trips.
- Sponsor a music fund to support a choir retreat, new music, choir robes, new hymnals, special music, musical instruments, etc.
- Sponsor children to attend Conference Camps or upgrade camp facilities.
- Sponsor a special lectureship/education program for pastors/lay leaders.
- Continuing support for drug and alcohol abuse programming and other youth issues.
- Support an annual program on family issues, health issues, senior citizen issues, women's issues, parenting issues, or men's issues, stewardship, etc.
- New Church Development in the Oklahoma Annual Conference.
- Maintenance & upgrade of church buildings, equipment, grounds and parsonage.
- Children and youth enrichment programs.
- Funds for special memorial garden, artwork, etc.
- Acquisitions & equipment for church library.
- Local and global missions.
- Grants to global or local missions.
- Create a named Family/Donor-Advised fund.
- Evangelism and outreach.
- Enrich favorite ministries or start a new program.
- Endowments to provide grants for worthy programs to be determined by a grant-making committee or designated family members.

Books on Giving and Stewardship

Durall, Michael. *Beyond the Collection Plate: Overcoming Obstacles to Faithful Giving.* Nashville, Tennessee: Abingdon Press, 2003.

Hoge, Dean; McNamara, Patrick and Zech, Charles. *Plain Talk About Churches and Money.* Herndon, Virginia: Alban Institute, 1997.

Hudnut-Beumler, James. *Generous Saints: Congregations Rethink Ethics and Money.* Hernon, Virginia: Alban Institute, 2001.

Miller, Herb. *Money Isn't (Is) Everything: What Jesus Said About the Power of Money.* Nashville, Tennessee: Discipleship Resources, 2001.

Moser, David and Bauknight, Brian, editors. *First Fruits: Fourteen Sermons on Stewardship.* Nashville, Tennessee: Abingdon Press, 2003.

Reeves, Michael. *Extraordinary Money! Understanding the Church Capital Campaign*. Nashville, Tennessee: Discipleship Resources, 2002.

Reeves, Michael; Fairly, Rob and Coon, Sanford. *Creative Giving; Understanding Planned Giving and Endowments in the Church.* Nashville, Tennessee. Discipleship Resources, 1989.

Reeves, Michael, and Tyler, Jennifer. *Faith and Money; Understanding Annual Giving in Church;* Nashville, Tennessee: Discipleship Resources, 2003.

Schnase, Robert. *Five Core Practices of Fruitful Congregations.* Nashville, Tennessee: Cokesbury, 2007.

Slaughter, Michael. *Money Matters: Financial Freedom for All God's Children.* Nashville, Tennessee: Abingdon Press, 2006.

Slaughter, Michael. *Money Matters: Financial Freedom for All God's Churches.* Nashville, Tennessee: Abingdon Press, 2006.

"Make all you can, save all you can, give all you can."
John Wesley

Web Sites for Stewardship

www.okumf.org	A variety of free resources about stewardship, investing church funds, planned giving, endowments, and other information for churches, agencies, institutions and individuals.
www.gbod.org/stewardship	General Board of Discipleship for innovative stewardship resources.
www.umcgiving.org	Resources may be ordered in any quantity for local church use; a benefit of our apportionment dollars to the World Service Fund.
www.alban.org	Alban Institute: one of the best continuing education organizations for church leaders.
www.generousgiving.org	An ecumenical journal specializing in giving.
www.crown.org	An ecumenical site for the promotion of Christian stewardship and generosity.
www.umc.org	United Methodist web site… offers links to stewardship education.
www.stewardshipresources.org	Ecumenical Stewardship Center, provides learning and teaching opportunities to pastors, laity and stewardship professionals.
www.goodsenseministry.com	Willow Creek site emphasizing sound local church and personal practices.
www.naumf.org	National Association of United Methodist Foundations provides a variety of information and links.
www.gbophb.org/sri_funds	Information on Socially-Responsible Investing (SRI) and links to holdings and ineligible holdings as listed by the General Board of Pensions.
www.pppnet.org	Information and links from the Partnership for Philanthropic Planning (formerly National Committee on Planned Giving).

Glossary of Estate Planning Terms

ADJUSTED GROSS ESTATE: The gross estate less funeral expenses, administration expenses, and claims against the estate. (Also see Gross Estate, Taxable Estate)

ADMINISTRATION EXPENSES: Costs incurred in the administration of an estate, as in the collection of assets, payment of debts, personal representative and attorney fees, funeral costs, etc.

ADVANCE DIRECTIVE FOR HEALTH CARE: A written legal document which allows you to instruct your attending physician whether or not you wish to be given life sustaining treatments. It may include a living will, the appointment of a health care proxy, and directions for organ donation.

ANCILLARY ADMINISTRATION: The process of probating real property owned in a state other than where the decedent had his or her residence at the time of death.

ANNUAL (GIFT TAX) EXCLUSION: An opportunity within the federal tax structure for an individual to make annual tax free gift(s). The exclusion applies only to gifts of present interest. It will increase as the Cost of Living Index increases.

ANNUITANT: An individual who receives, or who is scheduled to receive, annuity payments.

ANNUITY (CHARITABLE): See GIFT ANNUITY

ANNUITY (CHARITABLE, DEFERRED): See DEFERRED GIFT ANNUITY

BENEFICIARY: The recipient of funds, property, or other benefits from an insurance policy, will or trust.

BEQUEST: A completed gift transfer, by will, of property such as cash, securities, or other tangible assets. A bequest is the after death fulfillment of the commitment made in the will.

CAPITAL GAIN: The growth in value of securities, land, or buildings from the time such property is purchased to the time it is sold. Sale of such property that has appreciated in value creates a long-term capital gain tax obligation if sold at fair market value. The profit resulting from the sale is generally taxed as a capital gain, rather than as ordinary income, if the asset was held for more than 12 months.

CHARITABLE DEDUCTION: In most cases this term refers to the portion of a gift the donor can deduct from their Federal Income Tax. A donor's charitable deduction should not be confused or equated with the value of the gift. For instance, gifts for purposes of life income agreements are not federally deductible at their full value. The federal deduction allowable for a gift, to an organization described in IRS Code Section 170(b)(1)(A), is generally limited to 50% of the donor's adjusted gross income (AGI). If the gift consists of capital gain property, the limitation is generally 30% of the donor's AGI. Either way, if the gift exceeds the limitation, carry-over provisions allow the donor to deduct the excess in the following five years.

CHARITY (QUALIFIED): A qualified charity is a public, semipublic or private foundation which has received special approval from the IRS. (Also see Charitable Gift)

CHARITABLE GIFT: For tax purposes, a charitable gift is a voluntary contribution transferred to certain types of qualified charitable organizations. Gifts made to a qualified charitable organization are eligible for tax benefits. (Also see Charitable Deduction, Charity (Qualified))

CHARITABLE LEAD (Income) TRUST: A lead trust provides income to a charity for a term of years and then passes the trust assets to designated non-charitable beneficiaries (usually family members). (Also see Trusts)

CHARITABLE REMAINDER ANNUITY TRUST: A trust which pays a fixed amount annually to the donor and/or another beneficiary. The fixed amount is equal to not less than 5% of the initial fair market value of the property placed in trust. The trust pays the donor and/or beneficiary the fixed payment for life or for a fixed term not to exceed twenty years. Payments must be made at least annually. The ultimate recipient of the Charitable Remainder Annuity Trust, after the donor or beneficiary dies, is a non-profit charitable organization. The donor's tax deduction is based on the present value of the non-profit organization's deferred charitable interest.

CHARITABLE REMAINDER UNITRUST: An arrangement between a trustee, a donor, and a charity, where the donor irrevocably transfers property. In exchange, the donor and/or other named beneficiaries receive specified distributions, at least annually, for their lifetime(s) or for a term of years. After death of the named beneficiaries, or at the end of the term of years, the remainder passes to the charity. The donor receives an income tax deduction, in the year of the gift, for the amount of the present value of the remainder interest. Additionally, the value of the charitable gift is removed from the taxable estate upon death. The unitrust pays a fixed percentage of the fair market value of the trust, revalued annually. The payment amount can vary, depending on changes in the annual value of the trust fund.

CODICIL: A change to a will, executed with the same formalities as are required for the will.

CONTINGENT BENEFICIARY: Receiver of property or benefits, if the first named beneficiary fails to receive any or all benefits before his or her death.

CREDIT SHELTER TRUST: A trust used by married individuals which contains special provision that reduce or eliminate federal estate taxes. (Also see Trusts)

DECEDENT: A deceased individual.

DEFERRED GIFT: A gift made in the present, but not benefiting the charitable organization until sometime in the future, according to conditions stated in a contract.

DEFERRED GIFT ANNUITY: An annuity agreement where payments to the donor do not begin until at least one year after the annuity purchase date.

DESCENDENT: One who has descended from another; offspring.

DONOR: The person making the gift.

DURABLE POWER OF ATTORNEY: A legal instrument which grants another person the authority to act as your legal representative, and to make binding legal and financial decisions on your behalf.

ENDOWMENT (RESTRICTED): An "inviolable" (principal may not be invaded) pool of property held by a charity and invested to provide an annual income for the institution.

ESTATE PLAN: A plan for the management of an individual's assets and, after death, for disposition of those assets.

ESTATE TAX: A tax upon the right to transfer property to others at death. Also referred to as an inheritance or death tax. It is paid before beneficiaries receive their share of the estate proceeds. Estate taxes are levied on the fair market value of property either at the time of the owner's death, or six months after the owner's death.

FIDUCIARY: A personal representative (once known in Oklahoma as executor or executrix), administrator or trustee.

GIFT ANNUITY: A transfer of cash or appreciated property to a non-profit institution in return for a contract to pay a fixed amount for life to a donor and/or another annuitant. The value of the transferred cash or property exceeds the value of the annuity guaranteed by the charity. The excess value is considered a charitable contribution and generates a charitable tax deduction. The amount paid to the annuitant is normally based on age(s) of the annuitant(s) and may include other factors as agreed upon by either of the parties making the contract.

GROSS ESTATE: The total dollar value of all property and assets held by an individual at their death. (Also see Adjusted Gross Estate, Taxable Estate)

GUARDIAN: A person appointed by a court, and under the court's supervision, to take custody and control of a person, estate, or both. Usually employed for a minor child, insane or incompetent person.

HEIR: A person who receives, or who will receive, property of a deceased person by operation of.

INTER VIVOS TRANSFERS: Transfers of property made during one's lifetime, as opposed to testamentary disposition made following death such as by will.

INTESTACY: The state of having died without a valid will. In these cases, state laws determine the distribution of an estate's assets. This process is referred to as intestate distribution.

IRREVOCABLE LIVING TRUST: A form of a living trust, which cannot be revoked by the trustor. The trustmaker gives up all control of the trust property to the terms of the trust. Trusts created under this format can only be altered by court action and then only under special circumstances.

JOINT TENANCY WITH RIGHT OF SURVIVORSHIP: Two or more persons holding title jointly with equal rights to share in its enjoyment during their lives. Upon death of one of the tenants, the remaining tenant(s) receive the entire property. Therefore, this type of property ownership cannot be transferred via a will. Each owner can, however, sell or give away their ownership during lifetime.

LIFE INCOME GIFTS: An irrevocable gift of cash, stock and/or real estate to a non-profit institution. The donor receives income, during lifetime, from the donated assets through an annuity or trust arrangement. (Also see Gift Annuity, Trusts and individual trust types)

MARITAL (ESTATE TAX) DEDUCTION: A provision under the Federal Estate Tax Law which allows the estate property to pass tax-free to a surviving spouse.

PAY ON DEATH DESIGNATION (POD): A legal method of transferring property at death. A named beneficiary owns the property at the death of the original owner, without going through probate. Most states recognize PODs on bank accounts, CDs, etc.

PER CAPITA: A legal term, often used in a will, meaning a way of distributing an estate so all members of a group share equally in the distribution.

PER STIRPES: A legal term, often used in a will, meaning by representation and signifying an estate distribution method. It means the children of a decedent, upon the death of an ancestor, receive the share of the ancestor's estate which their parent(s) would have received if living. Also referred to as Right of Representation. The opposite distribution method than Per Capita.

PLANNED GIVING: The process of examining an individual's estate, the need for income flow, the desire to provide a charitable gift and the potential tax consequences of the estate value, resulting in a gift to a charitable organization.

PERSONAL REPRESENTATIVE: An individual appointed or designated to administer the estate of an individual.

POUR-OVER WILL: A will that directs the transfer of a person's individually owned property into a trust, after the death of the maker.

PROBATE: Probate is a formal and legal process of valuing property and passing ownership of property from a deceased's estate to beneficiaries. This process occurs under the supervision of a probate judge and the probate information is available to the public. During the estate settlement, creditors are identified and paid before passing any property to beneficiaries. Most individually owned property goes through the probate process with or without a will. Property transferred into a trust prior to death does not go through the probate process.

REMAINDER INTEREST: A future interest in a farm, personal residence or trust arrangement, which passes to an individual or an organization after the death of the owner or after a predetermined period of years.

RESIDUARY CLAUSE: A clause in a will by which property is distributed which had not been specifically bequeathed or devised in the will.

RESIDUE: The part of a deceased's estate left for beneficiaries, after all debts, charges, allowances, and specific bequests and devises have been paid.

REVOCABLE TRUST: Also known as Revocable Living Trust. A trust agreement that can be canceled, rescinded, or repealed by the maker (grantor). This arrangement allows the grantor to maintain some control of his or her assets. The grantor can specify how to handle property in case of his or her incapacity.

SUCCESSOR TRUSTEE: A person or institution identified in the trust agreement who can take over administering the trust, should the first named trustee die, resign or become unable to perform the administration duties.

TANGIBLE PERSONAL PROPERTY LIST: List of tangible personal property which indicates the owner's wishes for the distribution of the property at death. The list is referenced in the Will or Trust document, but can be changed or up-dated without re-drafting those documents. The list serves as instruction to the Personal Representative.

TAXABLE ESTATE: Adjusted gross estate less marital and charitable deductions. (Also see Adjusted Gross Estate, Gross Estate)

TESTAMENTARY TRUST: A trust which comes into being at the maker's death and is created via a valid will. As long as the maker remains competent, he or she can cancel or change testamentary trust. Since a will goes through probate, testamentary trusts are involved in the probate process. (Also see Trusts)

TRANSFER ON DEATH DESIGNATION (TOD): A legal method of transferring property at death. A named beneficiary owns the property at the death of the original owner, generally without going through probate. Most states recognize TODs on car, truck and boat titles.

TRUST DOCUMENT: A written legal instrument outlining instructions and terms of a trust and signed by the trust maker. Also referred to as a Trust Agreement. (Also see Trusts)

TRUSTS: A written, legal, contractual arrangement, originated and funded by an individual (trustor) and arranged so that one or more persons or institutions (trustee) holds and manages property for the benefit of another (beneficiary). The beneficiary may be an individual or individuals, or a charitable organization. (Also see Trustee, Trustor, Beneficiary)

WILLS: The legal declaration of an individual's intentions for the disposal of his or her assets after death. On the death of the maker, a will is filed with the local court. Wills are public documents and must go through the probate process. Laws governing wills vary by state.

These definitions are provided for educational purposes only and should not be construed as offering legal advice. Individuals are encouraged to consult their personal attorney when considering their estate planning options.

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Printed January 2009

Special thanks to the Holston Conference of the United Methodist Church Foundation and
Dr. Charles W. Smith, Iowa Annual Conference Treasurer.