

THE CORNERSTONE

As Great Commission minded Christians serving in Alaska, we recognize that our greatest act of service is to glorify God in everything. This goal is achieved when we Abide in Christ, by loving God and His people. Through love and this commission of obedience we assist God to Build His Kingdom in Heaven and Earth. As we focus on this sacred effort, we Cooperate in the Spirit of unity with God's love as its root and mutual encouragement as its fruit.

God's Word calls us to be good stewards. In order to fully comprehend biblical stewardship one must practice the ABC's of the Christian life. Living out the ABC's we realize God as the owner and ourselves as managers in all areas of life including finances. Here are three ways to establish a giving legacy through your estate plan:

1. Bequeath as part of a "Last Will and Testament" (Will) or "Revocable Living Trust" (RLT). One can either bequeath money to an existing ministry or provide instruction to establish an instrument within the Will or RLT to collect, manage, and disperse the funds. Another way to bequeath is through beneficiary designation such as making a charity the beneficiary of a life insurance policy or retirement account.
2. Establish an instrument to collect, manage, and disperse funds prior to death. This would include instruments such as "Donor Advised Funds." The Alaska Baptist Foundation (ABF) refers to them as a "Donor Advised Ministry Trust" (DAMT) due to our exclusive focus on ministry for the use of these funds. While a DAMT gift does not provide an income stream to donors, the income goes to the named ministry cause. There are tax benefits from both an income and estate tax perspective. Any asset placed in the DAMT can receive an

income tax deduction. Further, any asset, as part of a greater estate plan that is left to the DAMT, would avoid estate tax at one's passing.

3. Establish a life income charitable instrument. The three most common forms are:

- Charitable Gift Annuity: contractual arrangements with a charity to make a guaranteed payment to a donor, based on a fixed life-expectancy table.
- Charitable Remainder Annuity Trust: trust instruments that provide a guaranteed dollar payout based on a fixed percentage on a one-time gifted single-asset amount.
- Charitable Remainder Unitrust: trust instruments that provide a guaranteed payout percentage based on fluctuating market and/or asset values. These instruments are flexible in that they can accept multiple asset giftings into the trust.
- Donors who establish life-income gifts typically receive a tax deduction for the full, fair market value of the contributed assets, less the present value of the income interest retained. If the donor funds the gift with appreciated property, they pay no upfront capital gains tax on the transfer. Further, for the received income interest, there may be a layer of favorable tax treatment providing further savings.

The information provided is general in nature and is not to be taken as investment advice. Be sure to consult a qualified financial professional for your specific situation.

Information taken and adapted from

<https://plannedgiving.com/about-us/what-is-planned-giving/>
<https://www.vnhcsb.org/wp-content/uploads/2016/11/Charitable-Remainder-Trusts.pdf><https://www.philanthropy.com/article/Working-With-Donor-Advised/243282>

