

Legacy Living Newsletter

Planned Giving
AG Financial Solutions

Spring | Summer 2011

Your legacy

Leave more than money to your children

By Bob Lamb, CFP®
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What kind of inheritance should you leave your children? As we are entering the greatest generational wealth transfer in history, it's a decision that can be a struggle for many parents.

We are called to be prudent and thoughtful in our decisions to leave an inheritance for the next generation.

Many expert sources conclude the average inheritance is spent in 14 to 18 months.

This problem is addressed in Proverbs 20:21, "An inheritance gained hastily in the beginning will not be blessed in the end."

As parents, our natural inclination is to take care of our children. We are concerned with being fair. But in reality, when it comes to leaving an inheritance, it can be challenging to balance fairness and stewardship.

In anticipation of any future wealth transfer, the first step is to communicate with your spouse. It's critical that you and your spouse answer some tough questions.

Do your children possess the same financial maturity? How do you decide between fiscal responsibility and fairness between beneficiaries?

How will your children's spouses react to an inheritance? What influence will the grandchildren have?

If you have a blended family, what is your strategy?

The additional strategies below should be considered as you decide how you will leave your inheritance to your family and if you desire to leave more than money to your children.

Lump-sum inheritance versus ongoing income. Your children may each have a different skill set in dealing with finances. Good or bad, these habits are already established and evident. If a person is wise in handling finances, he or she will probably be wise in handling a lump sum. If not, receiving a lump sum would most likely multiply poor decisions. It may be

more practical to consider an income stream that can be a source of retirement income for your children.

Continuing support of ministry. There are planned giving strategies available that can accomplish sustained giving for years to come. Both a Donor Advised Fund (DAF) and an Endowment allow you to provide future income for ministries of your choice at levels directed by you or an advisor—and you may even potentially receive tax benefits. These strategies can help teach stewardship to the next generation, allowing your children to participate as advisors. While your estate provides the finances, your children can determine and allocate funds using wise stewardship skills. This may be the ultimate inheritance—instilling the generosity of giving to the next generation.

Whatever your decision, it's critical to communicate it to your family. You may want to consult with your children—or choose to simply communicate your wishes after the decision has been made. Remember that above all else, it is your choice and your lasting legacy.

Reaching your goals

What will be your legacy? Planned giving helps you make wise stewardship and financial decisions to manage your wealth. Through the marriage of proper financial and stewardship planning, it allows you to reach your goals for yourself, family, and ministry.

\$250 million has been dispersed to ministries and churches through the Assemblies of God Foundation and the wise stewardship of donors.

Donor Advised Fund

Your giving, your control—your tax savings

A DAF is a charitable giving vehicle in which a third party, such as AG Financial Solutions, manages donations for an individual or group, and disperses them at the request of the donor.

Americans are generous people. We donate over \$300 billion annually to charity, and that amount continues to climb. That benevolent spirit, combined with attractive tax benefits, has made a Donor Advised Fund (DAF) one of the fastest-growing trends in charitable giving.

DAFs allow the donor to be actively involved in recommending how and when the funds are distributed. The donor is also able to name one or more account advisors (e.g., children, grandchildren or non-relatives) who can recommend which charities will receive the funds. This allows heirs to take part in the distribution of funds and build a heritage of wise stewardship principles.

There are also tax benefits to DAFs. Contributions made to the DAF are deductible as of the date they leave your control and are placed into the fund. Cash contributions are eligible for a federal income tax deduction. Appreciated securities contributed to the DAF may help avoid capital gains tax liability. While DAFs are irrevocable, DAF investment gains are generally untaxed.

If you are interested in maintaining control over your giving, want an upfront charitable tax deduction, have appreciated assets, and wish to give to ministry, a DAF may be the perfect solution for you. If you would like to discuss how a DAF can be created and how it can help influence the next generation to become generous givers, please contact one of our consultants today.

Scenario: Instilling generosity to the next generation

Donor Advised Fund Example: Henry and his wife, Catherine, have given to ministry their entire lives. They wanted to instill their spirit of generosity with their children while ensuring that ministries continued to be blessed even after they had passed. A Donor Advised Fund not only provided a charitable income tax deduction and helped to avoid capital gains on their highly appreciated assets, but it became a means to involve their children in charitable giving by acting as advisors to direct how the funds are distributed to ministry.

This newsletter is for you

We would love to have your input and questions in order to address the topics that interest you most. In addition to our planned giving consultants, we have experts in a variety of fields to address your planned giving questions. Please contact us with your questions and input at 866.561.8860 or legacyliving@agfinancial.org.



Donor transfers asset to Donor Advised Fund. Donor may receive an upfront tax deduction.



Family members may advise distributions made to ministry.



Distributions made to ministry continue beyond the lifetime of the donor.

To receive confidential, objective advice, please call your planned giving consultant, or visit agfinancial.org for more information.

What you should know

Tax update

By John Vaughan, JD
Planned Giving Attorney

On December 17, 2010, President Obama signed a new tax bill into law. The law includes federal tax changes for individuals at all levels of income and several changes that may affect your estate planning. We've included a few of the practical highlights of the new legislation.

The tax rates created by the Bush administration cuts were set to expire at the end of 2010, leading to a rise in personal income tax rates. Under the new law, those Bush-era tax rates were extended for two additional years.

The new law extends through 2011 the ability to make tax-free charitable distributions from your IRA. Taxpayers over age 70-1/2 are allowed to distribute up to \$100,000 per taxpayer for both tax years 2010 and 2011. This distribution may satisfy your required minimum distribution (RMD). Additionally, the distribution may be made to an Endowment for continual giving to a ministry or cause of your choice. Distributions for 2010 were due before January 31, 2011, and distributions to qualify for 2011 must be made prior to December 31, 2011.

Beneficiaries receiving assets from an estate may now set the basis of those assets at the date of death or may use an alternative valuation date.

If you would like more information regarding how these changes may affect you, call us today.

Unused applicable exclusion credit from a deceased spouse may now be shifted to the surviving spouse and used in determining the surviving spouse's tax burden.

Retroactive to January 2010, estates under \$5 million will not be subject to estate tax or gift tax. For those estates that are subject to estate or gift tax, the maximum rate for those taxes was lowered to 35%.

One couple's devotion to Bethany University

A lifetime of generosity, a future of giving

Some people spend years searching for a cause or ministry they feel is worthy of a lifetime of giving and dedication. Mr. and Mrs. Donor* were fortunate to find that special connection in the ministry of Bethany University in Scotts Valley, California. Further, they were able to influence and instill that passion for benevolence in a new generation of college students.

Over the past 20 years, the Donors have devoted their time and resources to Bethany. While finding a close-knit family among the faculty, staff, and students, they also found a great sense of fulfillment in their giving.

Mrs. Donor reflects on her first exposure to Bethany, "As a teenager, my folks and I would go down for summer camp meetings that were held on Bethany premises. I would have liked to attend Bethany." Unbeknownst to her, God would connect her to Bethany in her future daily life.

Mr. Donor moved to Oakland, California in 1959 where he met his wife. In 1989, he transitioned from employment with IBM to volunteer work with Bethany. He taught a class on the Book of Job while his wife began volunteering in the employment office. As their volunteer work grew, they began to form a "family" of new relationships and avenues of giving.

Over the years, the Donors have been able to help fund tuition, find jobs for students, and become "semi-parents" to many of the Bethany students.

In order to continue their commitment to giving into the next generation, the Donors created a scholarship specifically for students who volunteer or work with the elderly.

They believe in the work Bethany is doing and have devoted their lives and resources to see it continue to be a strong Christian influence on the lives of young people today and in the future.

Mr. Donor concluded, "Proverbs 22:29 says 'Seest thou a man diligent in his business? He shall stand before kings; he shall not stand before mean men.' We must be diligent in everything we do."

Do you have a heart for the next generation? A Donor Advised Fund can help you set up a scholarship and ensure your continued financial support beyond your lifetime.

*This story is a true account of actual AG Financial Solutions customers. Their names have not been used to protect the privacy of the donors. The testimonial is an example of what we have done for clients, and what some of our clients have said about us. However, we cannot guarantee the results in any case. Your results may vary and every situation is different. No compensation was provided for the testimonial.

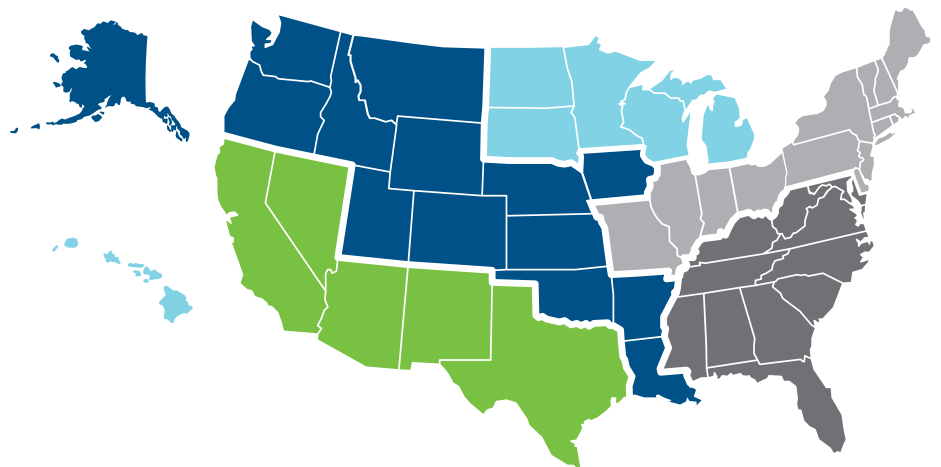


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Planned Giving Legacy Living Newsletter

**A heart for giving.
A mind for smart planning.**

Yes, you can do it all. Whether you're approaching retirement or already have a giving plan in place, it's crucial to stay informed about changes in tax and estate laws. Plus, new options are continually arising. This biannual newsletter delivers helpful information and solutions for your giving and retirement plans. **Contact our team of experts today to get started.**



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