

Saint Mary of the Hills

Gift Policies and Processes

INTRODUCTION

Stewardship is a core value of the parish. The grateful and responsible use and sharing of our talents and resources in service to others is evident in many ways in the Saint Mary of the Hills community. A gift to Saint Mary of the Hills will be accepted only if the intention for its use is in keeping with Christian principles and the compassionate and inclusive policies of ECUSA (the Episcopal Church of the United States of America).

The following information outlines the various ways people can demonstrate their financial stewardship. **For all gifts other than cash, donors are advised and encouraged to consult with an appropriate professional legal and/or tax advisor in all matters pertaining to estate and gift planning.** See Appendix I for a sample legal/tax counsel advisement form.

Cash Contributions:

Contributions via check, electronic transfer, and (if applicable) credit card payments represent the typical methods of giving. Payments may be made weekly, monthly, quarterly, semiannually, or annually. It is very helpful to the effective planning and use of parish resources for members to declare their giving intentions in writing prior to the beginning of the budget year which runs on the calendar year. Quarterly statements for contributions by check or credit card (if applicable), or a receipt upon request for a one time significant contribution, will be provided by the church office. Cash plate contributions are not tax deductible. Current tax regulations require a receipt in order to claim a deduction.

Non-cash Contributions:

1) Securities (stocks and bonds)

When appreciated securities that have been held for more than one year are donated directly to Saint Mary of the Hills, the donor can treat the current market value of the securities as an itemized charitable contribution. If appreciated securities are given outright, there is no capital gains tax, and the entire value constitutes a charitable contribution for tax purposes. Such a gift eliminates capital gains tax liabilities and provides income tax and estate tax savings. To insure this savings, the securities themselves must be donated, not just the proceeds of their sale. Securities that have depreciated over time are best sold by the donor to establish a capital loss deduction. When the cash proceeds are donated to Saint Mary of the Hills, the amount of the gift can be treated as an itemized charitable contribution.

2) Tangible Property

Tangible property can include such items as works of art, jewelry, silver, antiques and coin or stamp collections. A charitable gift of tangible personal property can be very attractive to the individual who has unwanted items that may be costly to insure and perhaps difficult or unprofitable to sell. IRS charitable gift appraisal rules apply *e.g.*, gifts over \$5,000 must have an approved appraisal.

All gifts of tangible property must have prior Vestry or Vestry established committee approval. This approval is required in order to prevent the acceptance of gifts which create a financial burden or liability to the church in terms of insurance costs, appraisal expenses, custodial responsibilities, liquidation options, etc. Acceptance of any gift must have a demonstrated financial benefit to the church that can be reported to the parish within a reasonable time frame.

3) Real Estate

A gift of real estate can be another attractive way to make a substantial commitment to Saint Mary of the Hills and to realize important tax and income benefits at the same time. You may be able to reduce significantly the amount of income, capital gain or estate taxes you otherwise would have to pay.

All gifts of real estate must have prior Vestry or Vestry established committee approval. For a deed to be valid there has to be acceptance of the deed by the grantee (the church). Therefore if Saint Mary of the Hills is unaware that property has been left to them, upon learning of the transfer, the church can respond that it does not accept the attempted conveyance by filing an action to set aside the deed to establish non-acceptance. Approval by the Vestry is required in order to prevent the acceptance of gifts which create a financial burden or liability to the church in terms of insurance costs, appraisal expenses, custodial responsibilities, liquidation options, etc. Acceptance of any gift must have a demonstrated financial benefit to the church that can be reported to the parish within a reasonable time frame.

Charitable Gift Annuities:

A charitable gift annuity is a simple agreement between you and Saint Mary of the Hills. In exchange for your irrevocable gift, Saint Mary of the Hills will pay you an annual fixed income (in semi-annual installments) for your lifetime. Once an annuity is established, the donor's gift annuity income remains constant and is guaranteed by Saint Mary of the Hills. It is not affected by adverse economic conditions. The minimum gift is \$5,000, and income beneficiaries must be at least 55 years old.

See episcopalfoundation.org for forms and other details.

Deferred Gift Annuities:

This variation of the gift annuity allows the donor to defer payments for at least one year. During the period of deferral, interest is compounded so that once payments begin the rate of return is higher than that offered on an immediate annuity. This plan can be advantageous in planning for retirement. You can claim your partial charitable contribution when the gift is made and elect to receive the increased payments when you plan to retire or at some future date chosen by you.

See episcopalfoundation.org trust for forms and other details.

Charitable Remainder Trusts:

There are a number of trust arrangements which can be tailored to meet the individual donor's needs and circumstances. The donor transfers cash, securities or other assets to Saint Mary of the Hills as trustee. The trust then pays the donor and/or another income recipient, either a fixed dollar amount each year, or a percentage of the trust's assets each year. In either case, the donor receives an immediate income tax deduction when the trust is established, and avoids capital gains tax if funded with appreciated property. At the death of the last beneficiary, the remaining trust assets are transferred to Saint Mary of the Hills.

See episcopalfoundation.org for forms and other details.

Life Insurance:

When a life insurance policy is given to Saint Mary of the Hills, the donor can take a charitable deduction for an amount approximately equal to the policy's cash surrender value. Future premium payments paid by the donor are also tax deductible. Another benefit is that the proceeds of the policy are not subject to estate taxes.

IRAs and Pension Plans:

An often overlooked asset is the residual value of a retirement plan or IRA account. By naming Saint Mary of the Hills as the beneficiary of a part or all of your retirement plan, you can continue to withdraw from the plan. Any portion remaining at death will be paid to Saint Mary of the Hills. Such a gift may also reduce your estate taxes.

Bequests:

A bequest is made through the donor's will. The gift may be cash, securities, real estate or other assets. A bequest to Saint Mary of the Hills is fully deductible for purposes of federal estate taxes. While thus reducing or even eliminating the taxes on your estate, the bequest can establish a lasting memorial to you or someone you wish to honor. You can make a bequest to Saint Mary of the Hills through your will, or by means of a simple codicil to an existing will, through the following language:

“ I, (name).... leave to Saint Mary of the Hills, currently located at the corner of Main and Chestnut Streets, Blowing Rock, NC 28605 ... ”

Your gift can be a set dollar amount; a percentage of your gross estate; or a percentage of your residuary estate. Many people recommend a percentage rather than a set dollar amount since the value of your estate can change from the time your will is written until the estate is settled.

Endowments:

An endowment created in “*honor of*” or in “*memory of*” a loved one is a special expression of faith and generosity, and a way to benefit Saint Mary of the Hills in perpetuity. The income from the endowment fund is used to support the purpose designated by the donor. Often, donors wish to memorialize a relative or friend.

The minimum amount required to establish an endowment is \$12,000. There is no limit on the maximum amount. It may be established through a one time payment or in payments over a five year period. Pay out of the endowment begins one year after it is fully endowed. See Appendix 2 for a sample endowment agreement.

Policy on Investments:

Funds other than routine operating money is invested and managed by The Episcopal Church Foundation or [*name of entity managing current endowments*].

Acceptance of all gifts, including one time cash contributions which have been ‘earmarked’ for a specific expenditure, must be approved by the Vestry or a special committee established by the Vestry.

Typically, non-cash contributions will be converted to cash as quickly as practicable and reported to the parish in a timely manner.

Appendix I

Legal and Financial Counsel Advisement

Saint Mary of the Hills

This form must be completed for all gifts and contributions other than cash.

Gift description _____

I (We) _____ (and) _____,

hereby acknowledge that I(we) have been advised to seek advice and counsel from professional advisors in all matters pertaining to estate and gift planning, including those related to any gift made to Saint Mary of the Hills . I (we) understand that any attorneys or financial advisors retained by Saint Mary of the Hills represent the interests of the church and do not represent me (us).

Donor signature

Date _____

Appendix II

Draft /Sample Endowment Agreement

Endowment Name _____

Funding Arrangement:

Funding for the endowment will be accomplished through an initial gift of _____. The donors, and others, may make donations to this endowment at any time. Donations to the endowment are deductible in accordance with IRS guidelines, which require that dominion and control of donated assets be conveyed to the Vestry of Saint Mary of the Hills.

(Vestry – if any part of the initial donation is to be conveyed through an Estate Plan, the following sentence may be needed) *The donor agrees to notify Vestry in writing if he/she makes any changes to their Estate Plan that would result in this endowment not being funded at his/her death.*

Endowment Payout:

The endowment payout amount will vary in accordance with investment performance, current conditions, and the Vestry's investment practices. It is agreed that investment earnings, less investment fees, will revert to the endowment until earnings result in an endowment amount of _____.

Donor Preferences:

It is the donor's preference that proceeds from this endowment be directed to the work and activities of Saint Mary of the Hills in memory (or as a memorial) of (name) _____ as determined by the Vestry, the establishment, funding and creation of this endowment is to be treated confidentially and announced to the family of the donor and others only at the time of the donor's death (the donor may have specific wishes in this area). Administration related to this endowment is the responsibility of the Vestry and the Rector.

Authority:

This permanent endowment, to be known formally as (name and/or title of endowment) is established by the Vestry of Saint Mary of the Hills, Blowing Rock, North Carolina. In the event that the efforts of the donor to complete the funding of the endowment are

unavoidably frustrated, the endowment principal and accrued earnings shall be directed to purposes consistent with those expressed in this agreement.

Appendix II continued

Fund Investment and Management:

Endowment principal will not be invaded for any reason subject to the control of the Vestry other than assessment of a reasonable fee for management investment services. Awards will be derived solely from endowment investment earnings, when available. The investment of fund principal is subject to the investment policy and practices of the Vestry funds management. Management shall be in accordance with applicable law, generally accepted accounting standards and practices, and prudent stewardship of funds principals. The Vestry shall exercise exclusive authority over fund management pursuant to this agreement, including and pooling of fund principal for investment purposes. The Vestry will provide timely and appropriate reports on the amounts and uses of the funds.

This **Original Endowment Agreement** will be made a part of the permanent records of the Vestry.

EXECUTED _____,

DONOR

FOR THE VESTRY