

## **LARCHMONT UNITED METHODIST CHURCH ENDOWMENT FREQUENTLY ASKED QUESTIONS AND ANSWERS**

### **Q 1. Why this emphasis on legacy giving now?**

A. Our church has a small Endowment from previous bequests. We are realizing that a focus on continued Endowments will put our church in a stronger financial position for the long-range continuance of our ministries. Some church members have stated that they feel the desire to support the church into the future, as many other churches do. We ask you to join the committee and others by giving beyond your annual offerings, thereby supporting your church in perpetuity.

### **Q 2. Where will these planned giving funds go?**

A. The church has established a separate endowment fund so that legacy giving can live on well into the future. Endowment gifts become permanent assets of the church, creating a perpetual stream of cash flows. The church has also established an endowment committee to oversee this endeavor.

### **Q 3. Who is on the Endowment Committee at Larchmont UMC?**

A. The Lay Leadership Committee nominates three members, in addition to the Pastor, the Finance Chair, the church Treasurer, and a Trustee. In addition to those voting members, the Chair of the Administrative Council and the LUMC Foundation President are on the Committee in advisory roles. We also have individuals on this Committee who have knowledge and a passion for Legacy giving from their previous work and church experience.

### **Q 4. Where is this Endowment invested?**

A. We are using the Virginia United Methodist Foundation, which manages \$85M on behalf of churches across the conference. The Foundation contracts with Merrill Lynch to manage the money. Certain investments, such as alcohol and tobacco, are excluded, consistent with Methodist principles. Larchmont UMC's endowment committee has selected the "balanced" fund at the Foundation, with an asset allocation of approximately 70% stocks and 30% bonds. Additional information can be found at [vaumfoundation.org](http://vaumfoundation.org).

### **Q 5. How much of the Endowment can be spent every year?**

A. The church has established rules that maximize spending from the various Endowment funds at 4%. The Endowment Committee will meet to distribute the funds based on needs in any given year.

### **Q 6. How large does my gift need to be?**

A. Every gift increases the earning power of the fund, so each gift is significant to the fund's future impact.

**Q 7. How will this change the church's budget?**

A. The church will continue to faithfully plan and execute an annual budget to fulfill our Vision and Mission. Endowment income allows us to expand our ministries toward enhancing Kingdom goals.

**Q 8. Can I specify how my gift gets spent?**

A. We urge donors to consider gifts to the General Endowment Fund that are not earmarked for a specific purpose. This will allow flexibility to respond to the greatest need in the future and maintain a balanced ministry. Alternatively, some donors may specify one of these available categories:

- A. Property Funds
- B. Mission Funds
- C. Music Funds
- D. Youth and Christian Education Funds
- E. Worship Funds

**Q 9. Can I establish a fund in honor of someone, or for a specific purpose?**

A. A named or donor-designated fund can be started with a minimum gift of \$50,000. If established for a specific purpose, the prospective donor should discuss the intent with the Endowment committee before going ahead.

**Q 10 Are you asking for funds during my lifetime, or after I have moved to the Church Triumphant?**

A. Gifts to the Endowment Fund are completely up to the donor. Some may have the ability to structure special giving now, or over a few years, and others not until their death. Some may have the desire to do both.

**Q 11. What advantages are there to giving funds now?**

A. In addition to giving cash, you have the option of giving appreciated assets. While we defer to your accountant, this has favorable immediate tax consequences as well as into the future.

**Q 12. Can I give funds from my IRA?**

A. People needing to do a Required Minimum Distribution ("RMD") will be especially interested to know that RMDs from your IRA can be redirected to the church without federal taxation of the withdrawal. Regardless of your RMD requirement, if you are over 70 ½, amounts up to a total of \$100,000 can be transferred as a Qualified Charitable Distribution ("QCD") to the church. We suggest that you contact your IRA custodian because these funds must be transferred directly from them to the church to protect you. If you have questions, we suggest that you discuss this with your accountant.

**Q 13. Can I give stocks directly to the church?**

A. Yes, you can transfer such assets to the church. If you are holding these in a taxable account, you may be able to deduct today's appreciated market value of the holding. Again, we defer to your accountant. Please inform the Endowment Committee of such an impending transfer and of your intent that the asset become legacy giving. We can provide routing information to you or to your brokerage.

**Q 14. Can I name Larchmont UMC in my will?**

A. Yes. Making a Charitable Bequest (giving assets through a Will or Trust) is one way to make a planned gift. The donor states in a written document the amount or percentage of assets that are to pass to the church. Such gifts receive favorable tax treatment, which should be discussed with your accountant. The Endowment Committee has sample language available to you to use if you would like to see it.

**Q 15. Will I need to change my will?**

A. Many gifts can be made in a manner that does not involve changing your Will. You may wish to amend your Will through a simple codicil adding the church as a beneficiary. The Endowment Committee has sample language available for you to use.

**Q 16. What other Legacy options should I consider?**

A. Some may wish to designate the church as the "residual beneficiary" of their estate, to receive the balance of their estate after all other distributions have been made. We strongly suggest that you review your plans for church giving with your family so that they are aware of them in advance.

**Q 17. What about life insurance policies?**

A. Some donors may wish to designate the church as a beneficiary of all or a portion of their life insurance. This is an option and the church is grateful. Please notify the Endowment Committee you have set up this type of legacy giving.

**Q 18. What other assets can be given to the church?**

A. Others may wish to leave tangible assets, including real estate, to the church. If you are considering transferring a tangible asset to the church, please discuss this with a member of the Endowment Committee.

**Q 19. Is there something I can do beyond giving to this endeavor?**

A. Yes! Pray for our church's future and tell others about this opportunity to make a difference.

**Q 20. What happens with the invested monies with the VUMF in the event of a denominational split?**

- A. Should any church in our Conference choose to disaffiliate with the United Methodist Church and has monies invested in the Virginia United Methodist Foundation, they can stay with VUMF, and there is no expectation of a negative effect financially.