Planned Giving & Trust Services

Importance of Accounting for Both
WHAT IS PLANNED GIVING?

Long-term income
Planned Giving

15 to 20 years to become income
WHAT IS TRUST SERVICES?
WHO MAKES THE TRUST?

- **Grantor (s)**

  Could also be called:
  Settlor, Trustor, or simply the Trust Maker
WHO MAKES THE RULES?

- Trust Document
- State Law
- Federal Government
METHOD OF ACCOUNTING

- CASH (NOT ACCRUAL)

- Accrual method may be used but is usually not recommended or the extra effort necessary.
KEEP SEPARATE

- Corpus/Principle
- Income (ORDINARY & CAPITAL GAIN)

Both current and undistributed
TRUSTS FLAVORS

- **Revocable**
  - Grantor retains control
    - While competent & living, trust may be changed

- **Irrevocable**
  - Grantor has very little, or can choose to not retain any control (Non-Grantor)
WHAT IS PROPERTY

- All types of assets are considered Property
  - Tangible
    Have physical form, can be touched or felt and can usually be moved
  - Intangible
    Nonphysical do not have physical form cannot be touched or felt
ASSET VALUATION #1

- Revocable Trust
- Consistent use of either cost basis or fair market value
ASSET VALUATION #2

- **Contingent** Assets
  - Nominal amount $1

- Applies to both Revocable and Irrevocable trusts
ASSET VALUATION #3

- **Irrevocable Trust**
  - Fair market value* must be used
  - Valuation dates
    - Date of death (DOD)
    - Alternate valuation date (AVD)
    - Distribution Date (DD)

*Requires qualified appraisal
INCOME TAX RETURNS

- Revocable Trust
  Usually filed by the Grantor
- Irrevocable Trust
  Filed by the Trustee (CPA hired by the trustee)
  Simple
  Complex
TYPES OF SPLIT INTEREST GIFTS

- Charitable Gift Annuity (CGA Contract)
- Charitable Remainder Trusts
  - Charitable Remainder Annuity Trust (CRAT)
  - Charitable Remainder Unitrust (CRUT)
- Charitable Lead Trusts (CLT)
- Charitable Lead Annuity Trust (CLAT)
GIFT SUBTANTIATION

- Cash gifts over $250 Receipt or Letter
  Quid-pro-quo notice if total gift over $75

- Noncash gifts over $500
  over $5,000 qualified appraisal
  Donor must file Form 8283
IRS TAX FORMS

- Form 1040: Personal Income tax
- Form 1041: Trust or Estate Income tax
- Form 5227: Split income tax
- Form 8283: Non-cash donation
- Form 8282: Tattle Tale Form
- Form 709: Gift Tax
- Form 706: Estate and Generation Skipping
Accreditation… What is it?

accreditation noun
the formal evaluation of an organization or program against accepted criteria or standards.
Accreditation Stands Upon the....
....these ought ye to have done, and not to leave the other undone.
RELIGIOUS GIVING The Paradigm Shift in Religious Giving

The Old Paradigm – Based on Scarcity
- Moral Obligation
- Institution Centered
- Budgets are Need-Driven
- Giving is a Contribution

The Emerging Paradigm – Based on Abundance
- Donor Cultivation
- Donor Centered
- Giving is Value-Driven
- Giving is Creating Change
**Demand Side:**
The (old) Scolding Model

- **Focus:** On the organization’s needs in order to awaken a sense of obligation
- **Goal:** use guilt to awaken donor
- **Result:** contribution is secured

**Supply Side:**
The (new) Inclination Model

- **Focus:** On the individual’s philanthropic desires in order to guide them in their decision process
- **Goal:** to inspire the donor’s imagination
- **Result:** establishment of a relationship
IT'S ALL ABOUT RELATIONSHIPS
Accreditation Levels of Service

- Planned Giving & Trust Services
- Planned Giving Plus
- Planned Giving Only
Planned Giving Only

- Market Planned Giving
- Educate and Assist Donors
Planned Giving Only (PGO) Activities*

1. Promotion of planned giving
2. Developing relationships to cultivate planned giving
3. Educate constituents on benefits of Planned Giving
4. Give general info to donors concerning available PG options

*Activities allowed at every service level
Planned Giving Plus

- Market Planned Giving
- Educate and Assist Donors
- May Offer CGAs
- May Offer Reimbursements
- May Store Original Documents
PGP Organizations May Execute CGAs Directly With Donors

- Organization must contract with a qualified, licensed, certified and insured third party to manage,
  - financial investments
  - issuing of payments to annuitants
  - preparing appropriate tax documents

- Some Examples of Qualified Third Party Administrators
  - BNY Mellon
  - Western Adventist Foundation
Reimbursements

Organization may reimburse constituents for the creation of legal documents naming the organization as a beneficiary.
Must be kept in a locked, fireproof vault
A signed storage agreement must be kept on file for each donor
Planned Giving & Trust Services

- Markets Planned Giving
- Educate and Assist Donors
- Store Original Documents
- Offers CGAs
- Able to Serve as
  - Personal Representative
  - Trustee
  - Power of Attorney
Annual Trust Reviews

**PGO**
- Affidavit stating organization is not engaging in any unauthorized practices submitted by PG Director and signed by organization’s executive committee
- Minimal Expense

**PGP**
- Affidavit
- CGAs reviewed during financial audit
- Some additional cost above the normal financial audit

**PGTRS**
- GCAS conducts a full trust review
- Most Expensive
How does this Affect Certification?*

Regardless of level of service, all Planned Giving and Trust Services personnel must be fully certified in accordance with the NAD Planned Giving & Trust Services Manual.

*It Doesn’t
# General Conference

Planned Giving & Trust Services

Maturities Report 2016

<table>
<thead>
<tr>
<th>North American Division (GC &amp; Unions) – $35,945,340.84</th>
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</thead>
<tbody>
<tr>
<td>General Conference</td>
</tr>
<tr>
<td>Atlantic Union Conference</td>
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<tr>
<td>Canadian, Seventh-day Adventist Church in</td>
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<tr>
<td>Columbia Union</td>
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<tr>
<td>Lake Union Conference</td>
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<tr>
<td>Mid-America Union Conference</td>
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<tr>
<td>North Pacific Union Conference</td>
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<tr>
<td>Southern Union Conference</td>
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<td>Southwestern Union Conference</td>
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### General Conference
Planned Giving & Trust Services
Maturities Report 2016

**GC/NAD Institutions - $16,154,018.84**

<table>
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<tr>
<th>Institution</th>
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<td>2,367,216.95</td>
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<td>Loma Linda University</td>
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<td>Voice of Prophecy</td>
<td>1,772,168.00</td>
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# General Conference
## Planned Giving & Trust Services
### Maturities Report 2016

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<td><strong>GRAND TOTAL</strong></td>
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<tr>
<td>Division</td>
<td>Amount</td>
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<td>------------------------------------------------------------</td>
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<tr>
<td>East-Central Africa Division</td>
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Contributions to the advancement of the work of the Seventh-day Adventist Church through Planned Giving & Trust Services since 1968 = over $1.9 Billion
"In the trust given to the first disciples, each believer has a share. Each one is to be an executor of the Savior’s will."

Last Will & Testament of Christ
The Review and Herald, January 7, 1902.
www.willplan.org
willplan@gc.adventist.org