



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



REVOCABLE



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?

ac·cred·i·ta·tion *noun*

the formal evaluation of an organization or program against accepted criteria or standards.

Accreditation Stands Upon the....



S T A N D A R D S

....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

REVERSING THE PARADIGM Supply vs. Demand

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**

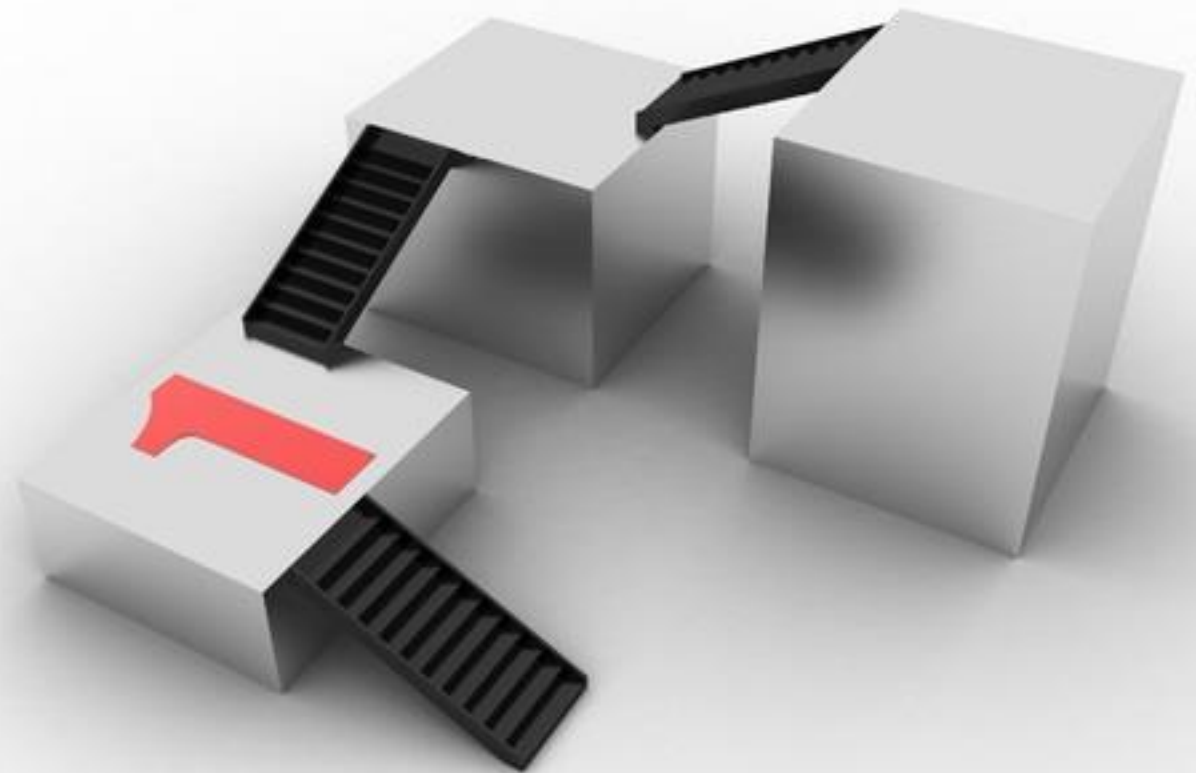
Accreditation Levels of Service

- 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

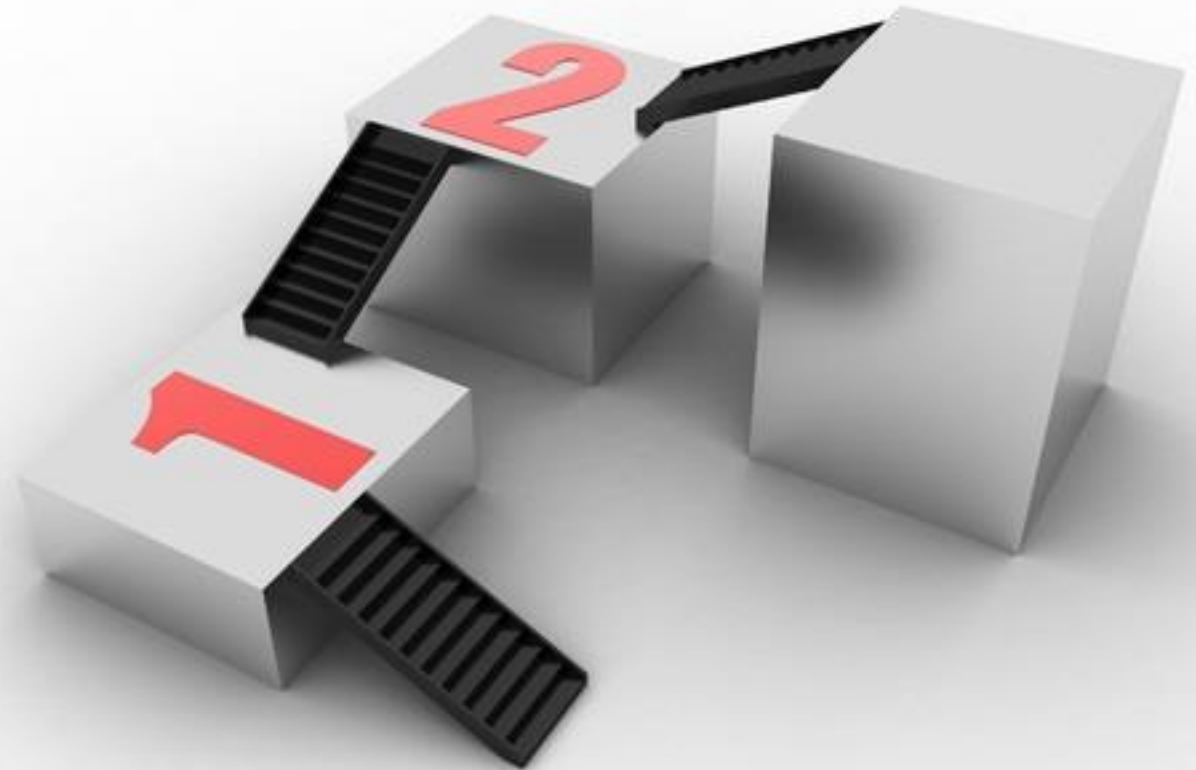
4

Give general
info to donors
concerning
available PG
options

*Activities allowed at every
service level

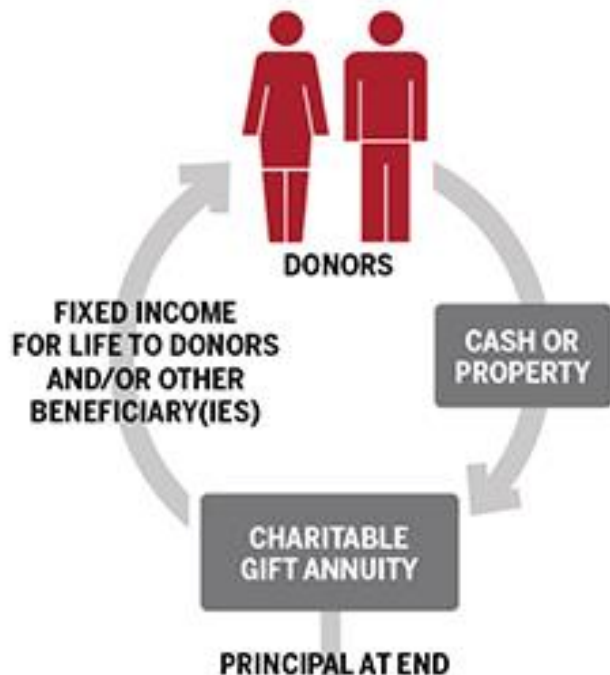
Planned Giving Plus

- ▶ 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.



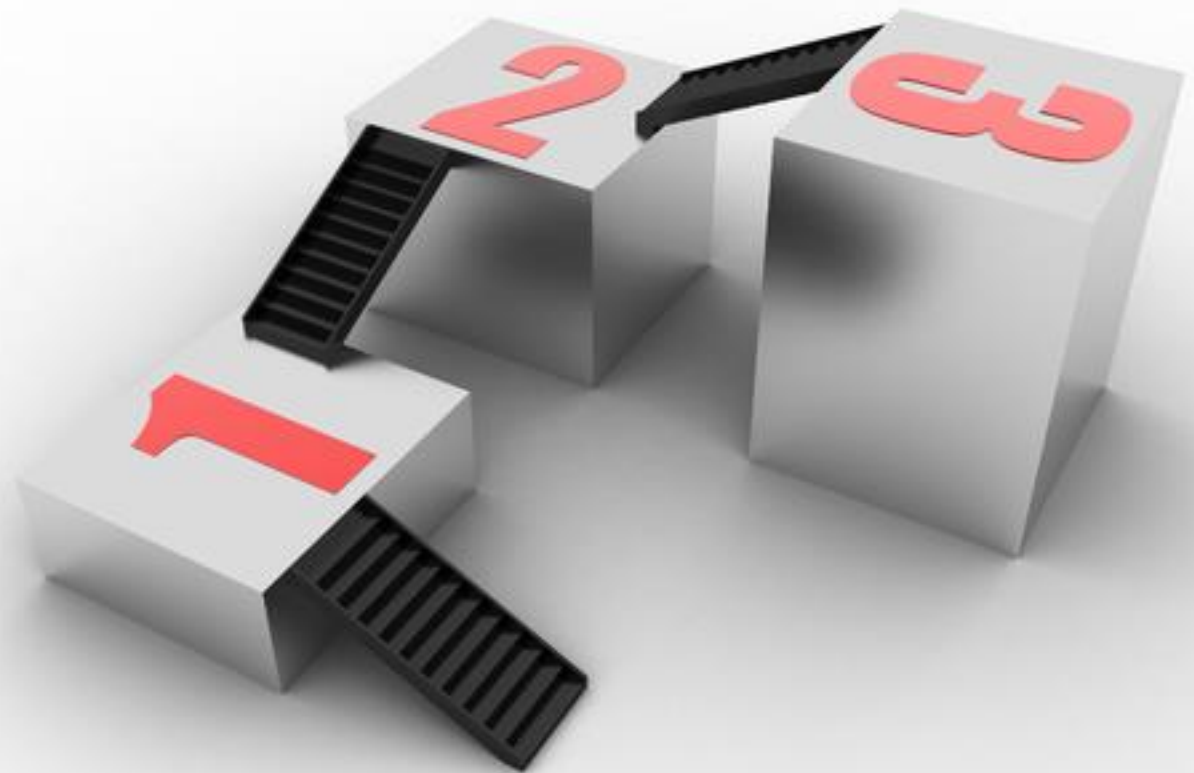
Document Storage (not recommended)

- 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





WHY INVEST MONEY IN PLANNED GIVING?



THE REWARDS
OF FAITHFULNESS



General Conference Planned Giving & Trust Services Maturities Report 2016

North American Division (GC & Unions) – \$35,945,340.84

General Conference	\$3,144,609.35
Atlantic Union Conference	0
Canadian, Seventh-day Adventist Church in	2,242,265.17
Columbia Union	831,610.72
Lake Union Conference	2,242,361.63
Mid-America Union Conference	1,296,233.65
North Pacific Union Conference	4,080,739.04
Pacific Union Conference	13,926,976.86
Southern Union Conference	7,752,783.42
Southwestern Union Conference	427,761.00



General Conference Planned Giving & Trust Services Maturities Report 2016

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

Andrews University	1,111,090.89
It Is Written	2,367,216.95
Loma Linda University	10,903,543.00
Voice of Prophecy	1,772,168.00



**General Conference
Planned Giving & Trust Services
Maturities Report 2016**

TOTALS

North American Division (Unions)	\$35,945,340.84
GC/NAD Institutions	16,154,018.84
Other Divisions	32,836,466.36
GRAND TOTAL	\$84,935,826.04


General Conference Planned Giving & Trust Services Maturities Report 2016

Other Divisions - \$32,836,466.36

East-Central Africa Division	6,463,335.58
Euro-Asia Division	0
Inter-American Division	1,014,947.61
Inter-European Division	397,405.00
Northern Asia-Pacific Division	1,732,129.25
South American Division	12,596,698.00
South Pacific Division	8,472,067.00
Southern Africa-Indian Ocean Division	48,949.92
Southern Asia Division	2,043,550.00
Southern Asia-Pacific Division	67,384.00
Trans-European Division	0
West-Central Africa Division	0



**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.



IDEAS

www.willplan.org

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