



# Seven Steps to Planned Giving

by Bruce Minnet, D.Min.

**MOST CHURCHES** conduct a stewardship campaign that lasts for a few weeks each fall. During the campaign, congregations hear sermons about giving, Bible study classes focus on the blessing of sharing God's gifts, and individuals are asked to make a financial pledge toward the church's ministry budget. After the sermons are preached, once the Bible lessons are taught, and when the pledges are tallied, stewardship is all but forgotten until next year.

Stewardship, however, is more than an annual campaign. It is a way of life. Biblical stewardship is not simply raising money; it is allowing the gospel of Jesus Christ to affect every area of life. Because stewardship is so vital to the Christian faith, churches need to find ongoing ways to promote the grace of giving.

One expression of stewardship many churches have overlooked is that of planned giving. Making a planned gift is not just for those who have wealth or special financial expertise, but for anyone with a generous spirit who wants to make a difference in the church's mission and ministry. Through planned giving, church members are afforded an opportunity to create a legacy that will develop and shape the future of their church long after their faith has become sight.

## **ESTABLISHING A PLANNED GIVING MINISTRY**

Establishing an effective planned giving ministry takes time, energy, and commitment. Statistics show that once a planned giving ministry is in place, a period of five to seven years is needed before the program begins to bear fruit. To be successful, it is important to be patient and to take the time necessary to design a program that receives the full commitment of church leaders, meets the needs of the church, and honors God. Listed in this article are the basic steps needed to establish a planned giving ministry.

### **STEP ONE: PREPARE YOURSELF AND YOUR CHURCH**

Is your church ready for a planned giving ministry? Begin with prayer, asking for God's leadership and guidance. Before you commit your church's time, talent, and treasure, make sure a planned giving ministry is right for your church at this time in its history.

If, after prayerful consideration, you move forward with a planned giving ministry, do your homework. It is important to think through the entire process of developing, promoting, and receiving planned gifts. To begin your preparation, learn the basics of planned giving by attending seminars, speaking with other churches and organizations that have planned giving programs, reading about planned giving,

and visiting planned giving Web sites. In addition, check with your governing ecclesiastical body. Most denominations have foundations or agencies that will help you get a proper start.

Your research will uncover many questions that need answers. Who will administer the program? Is a consultant needed? Who must approve this program? How will it be promoted? Does my church have a clear and concise case statement? What are the costs involved? Does my church have a reputation of fiscal accountability and stability?

Make sure each question is thoroughly investigated and clearly answered. The more questions that are identified and answered now, the easier it will be to implement and sustain a successful planned giving ministry.

### **STEP TWO: DEVELOP AN ACTION PLAN**

Once you are satisfied with the answers to your questions, and you believe the time is right for a planned giving ministry in your church, your next step is to develop an action plan that outlines goals and objectives. This plan should identify the steps to be taken, the persons or committees involved, and a time-line for accomplishing the goals. It should also define the purpose of planned giving, the organi-

zational structure needed, staffing needs, and budget requirements.

How you develop this plan will depend upon your church governance. Some churches will plan through a stewardship or finance committee. Others may need to plan through a governing council or board. Whatever the process, it is important to involve the proper groups and to take your time. The more effort you put into the planning phase, the better the results will be.

### STEP THREE: IDENTIFY YOUR PLANNED GIFT OPTIONS

People often have the misconception that a planned gift is always a deferred gift. In reality, planned giving involves three gifting methods: current outright gifts, expectancies, and deferred gifts. Each of these methods employs various gifting instruments.

Most churches already accept current outright gifts such as stock, real estate, tangible personal property, and large donations of cash. These are considered planned gifts by virtue of the planning and consideration that precedes the gift. Another current outright gift that is regaining popularity is the Charitable Lead Trust (CLT). A CLT provides income to the church from the trust corpus for a specific period of years. When the trust ends, the trust principal reverts back to the donor.

Expectancies, also referred to as revocable deferred gifts, are gifts a donor promises to make at some time in the future, but the donor reserves the right to change his or her mind. Expectancies include gifts of life insurance, retirement or IRA benefits, revocable trusts, and bequests.

The third method of planned giving is through deferred gifts, which are irrevocable transfers of assets (cash or property) to the church with the condition that they will not be available for church use until a future date, usually at the death of the donor. The two most common types of deferred gifts are Charitable Gift Annuities

(CGA) and various forms of the Charitable Remainder Trust (CRT).

Through a CGA, a donor makes an irrevocable transfer of cash or property to the church. In exchange, the church agrees to pay the donor an annual income for the lifetime of one or two annuitants. The payment amount is dependent upon the number of annuitants and their ages. Because charitable gift annuities are regulated by most states, it is important to investigate your state's restrictions prior to entering into a CGA contract.

A Charitable Remainder Trust (CRT) is an irrevocable trust into which a donor places cash or property. Income from the trust is paid to the donor's beneficiary for a specific period of years, up to twenty. At the end of the trust period, the trust corpus is distributed to the church for its use.

The two most common variations of the CRT are the charitable remainder annuity trust (CRAT) and the Charitable Remainder Unitrust (CRUT). While similar, they have two major differences. First, they differ in the way annual income paid to beneficiaries is calculated. The second major difference relates to the ability of the donor to add assets to the trust once it is initially funded.

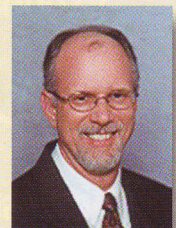
These are just a few of the financial instruments used in making planned gifts. Which ones should the church select? That is a decision each church should make for itself. If you choose, however, to promote only one type of planned gift, it should be the bequest. Bequests have been called the backbone of the planned giving process because they are easily understood and require very little maintenance. Although they are revocable, donors rarely

#### Summary

- One expression of stewardship many churches have overlooked is that of planned giving. Through planned giving, church members are afforded an opportunity to create a legacy that will develop and shape the future of their church long after their faith has become sight.
- Before you commit your church's time, talent, and treasure make sure a planned giving ministry is right for your church at this time in its history.
- To begin your preparation, learn the basics of planned giving by attending seminars, speaking with other churches and organizations that have planned giving programs, reading about planned giving, and visiting planned giving Web sites.
- Develop an action plan. A planned gift is not always a deferred gift. In reality, planned giving involves three gifting methods: current outright gifts, expectancies, and deferred gifts. Each of these methods employs various gifting instruments.
- Planned giving policies and guidelines should include a donor bill of rights and address issues of donor confidentiality, the use of legal counsel, conflict of interest, gift investment and administration, and gift recognition procedures.
- A financial commitment from the church is required to promote planned gifts and to cultivate donors. Thoughtful, strategic budget decisions will reflect the church's commitment to the planned giving effort.
- Churches need to spend time identifying and targeting different populations within the congregation for specific gifting instruments.
- Evaluation is the key to an effective planned giving ministry.

#### Author

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change their minds once they place the church in their will.

#### **STEP FOUR: DEVELOP PLANNED GIVING POLICIES AND GUIDELINES**

This is a critical step in the planned giving process. Care must be taken to develop policies and guidelines that are right for your church and will satisfy state and federal regulations.

A comprehensive planned giving policy includes a donor bill of rights and will address issues of donor confidentiality, the use of legal counsel, conflict of interest, gift investment and administration, and gift recognition procedures. The policy should also identify who will serve as trustee for specific gift instruments, who has authority to negotiate and accept gifts, and the types of gifts that will be accepted. Minimum age requirements and funding levels for CGAs and CRTs should also be addressed. Other important issues that should be considered include those of closely-held stock, limitations on gifts of real estate, and fund disposition.

Policies should be designed to bring maximum benefit to both donor and church. For legal reasons, and for the program to maintain credibility, policies must be strictly followed by all involved in the planned giving process.

#### **STEP FIVE: DEVELOP A PLANNED GIVING BUDGET**

Sustaining an effective planned giving ministry requires a financial commitment from the church. Because planned giving does not offer an immediate return on investment, churches may unintentionally limit the financial resources needed. Adequate funding is required, however, to promote planned gifts and to cultivate donors. Spending a few dollars now will pay dividends when the first gift is received.

When budgeting, consider the costs associated with legal services, fund administration, staffing, promotional materials, equipment, software, office supplies, postage, and printing. Thoughtful, strategic budget decisions will reflect the church's commitment to the planned giving effort.

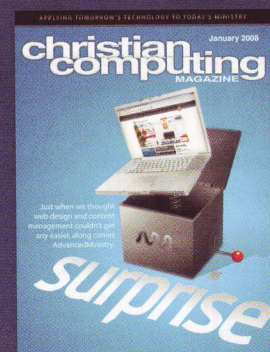
#### **STEP SIX: IMPLEMENT AND PROMOTE PLANNED GIVING**

Only after you have given careful consideration to the previous steps should you begin implementing a planned giving ministry. An important point to remember is that offering multiple planned giving instruments to your congregation is not necessary to have an effective planned giving ministry. It is better to begin with a few planned giving opportunities and then add other arrangements as you feel comfortable. The best advice is to begin slowly and build upon your successes.

Because churches have a built-in donor base, they do not have the same prospect identification issues as other non-profits. Churches need to spend time, however, identifying and targeting different populations within the congregation for specific gifting instruments. For example, planned giving appeals for bequests may be made to the entire congregation, but it would be wiser to focus only on senior adults when promoting charitable gift annuities.

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Once you have matched your donor base with appropriate planned giving opportunities, you are ready to identify and design promotional materials. This may be accomplished through printed brochures, seminars or workshops, special events, direct mailings, and planned giving Web sites.

Designing and producing your own materials is one option. For a professional look, you may decide to purchase more polished brochures and mailers. There are many companies that sell informational pieces that contain the most current legal and tax information about specific instruments. Some companies will also custom design a planned giving web site for your church that provides detailed planned giving information. Many of these Web sites include financial calculators for prospective donors to contemplate "what-ifs."

One of the easiest and most effective methods of promotion is through a recognition society (e.g., Legacy Society,

Heritage Society, etc.). A recognition society will heighten your congregation's awareness of planned giving and gives the church an opportunity to thank donors in advance for their gifts. Membership in the society should be available to anyone who has included the church in his or her estate plan.

#### **STEP SEVEN: EVALUATE PLANNED GIVING**


As with any program, evaluation is the key to an effective planned giving ministry. Evaluation provides the necessary feedback that helps guide the program as it is being implemented. It also provides data that will help determine if the program is accomplishing its stated goals and objectives.

There are numerous books and resources that provide in-depth methods and techniques of evaluation. The simplest form of evaluation, however, is to meet regularly with your church's governing body to discuss the strengths and weaknesses of the

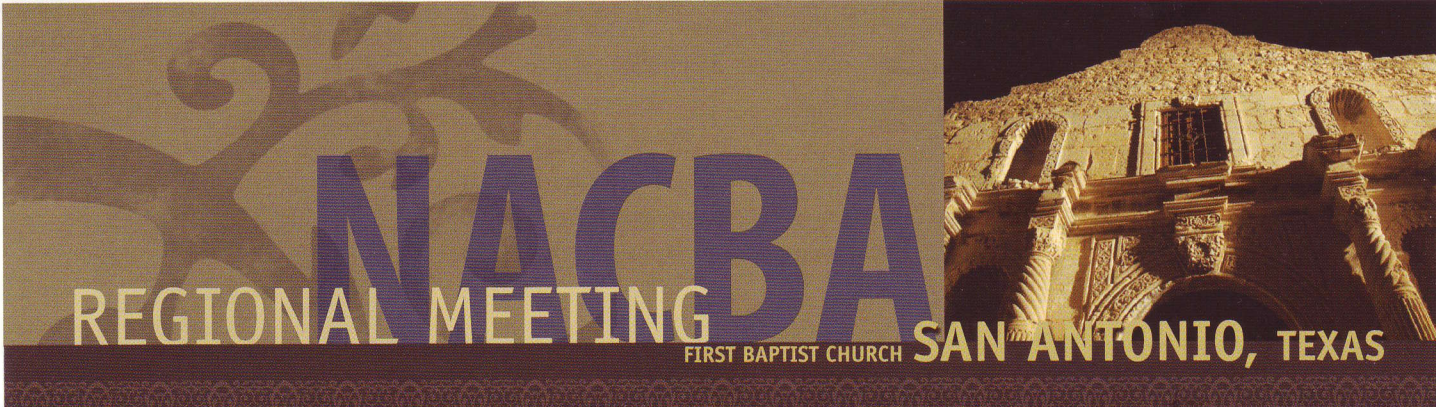
program. When a weakness is discovered, fix it. When a strength is discovered, give thanks.

#### **CONCLUSION**

The ultimate goal of planned giving in the church is to glorify God by sharing with future generations the blessings He has provided today. Demonstrating faithful stewardship through planned giving expresses gratitude for the past and creates a legacy for the future. There is no greater joy than honoring God through the faithful stewardship of assets that have been accumulated over a lifetime.

Henry Ward Beecher expressed it well when he wrote, "We should so live and labor in our times that what came to us as seed may go to the next generation as blossom, and what came to us as blossom may go to them as fruit."<sup>1</sup> May your planned giving ministry blossom and bear fruit for God's glory! 

<sup>1</sup> *Life Thoughts Gathered From the Extemporaneous Discourses of Henry Ward Beecher* (Philip, Sampson, and Company), 1858.



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