

Special Gifts and Endowments to Saint Luke Lutheran Church

A Guide for Prospective Givers

Offerings, Annual Faith Commitments, and Gifting

Most worship services at Saint Luke include the Offertory, during which offering plates are circulated to accept donations from the congregation. The Offertory is followed by the Eucharist, the serving of Christ's body and blood in the form of bread and wine. There is great significance in this pairing. Worshipers are returning to God a portion of the many gifts God has given us, followed by our receiving God's greatest gift, Christ's body and blood. The offerings collected, whether via offering plate or other means such as "e-giving," are the primary support for Saint Luke's core ministries.

To effectively manage the collected offerings, the Congregational Council and Saint Luke Committees prepare an annual budget, which is reviewed and approved each year by the Congregation. The size and scope of the budget is limited by the amount of income expected from congregants. The annual income, and thus the extent of the core ministries program, is estimated from annual faith commitments (pledges) from the membership, plus the recent pattern of giving from other sources (e.g., non-pledgers and guests).

In developing the annual budget, difficult choices are made to craft a core ministries program that fits within expected income. Factors affecting these choices include inflation, rising utility and insurance costs, anticipated and unanticipated maintenance, membership trends, and many other considerations. For the past several years, needs have outpaced income.

Fortunately, Saint Luke has been blessed with another source of income: Special Gifts and Endowments donated by members and by others. The purpose of this brochure is to describe these supplemental ways of giving to Saint Luke, and to guide anyone considering these types of donations.

Designated Gifts

A designated gift is usually a lump sum earmarked for a specific Saint Luke program or purpose. The donation is available immediately, or per a donor-specified schedule, for the intended purpose.

The donor is encouraged to discuss his or her intentions with the Saint Luke Conservator or Senior Pastor prior to making a donation. Some programs are relatively well-funded while others are underfunded. The Conservator or Senior Pastor can assess the donor's interests and may suggest alternatives for the donor's consideration. There are always opportunities to strengthen and expand Saint Luke ministries, and the Senior Pastor would be happy to discuss these with the donor. In some instances, the Congregational Council may need to approve the intended purpose of the gift.

Core Ministries

Donations to Core Ministries support the financial foundation of Saint Luke. In the simplest terms, Core Ministries is the sum of the resources needed to keep our church running and available for all of our programs. Ideally our offerings should be sufficient to fully fund our Core Ministries, but in recent years, we've been underfunded. Gifts donated to

Core Ministries augment shortfalls in our offerings to ensure we have enough to pay staff, utilities, property, insurance, supplies, and other day-to-day expenses. It allows Saint Luke programs to succeed without cutting corners or making painful compromises.

Designated Endowments

An endowment is a donation that is immediately invested, and thereafter only the investment earnings are used for a designated purpose while the principal stays invested. Currently Saint Luke has around 40 endowments, some established over 60 years ago. Many of the older endowments were established for as little as \$1,000. More recent endowments have a minimum investment of \$2,500. Beginning sometime in 2020, the minimum is expected to increase.

It is important to consider some of the advantages and drawbacks of endowments:

Advantages:

- The “perpetual” nature of an endowment appeals to many who wish to honor the lasting memory of a departed loved one.
- The “perpetual” nature is a tribute to a belief that the church will always live on.
- The endowment never runs out of money.

Disadvantages:

- Earnings vary with investment results. In some years, there will be low earnings or losses.
- Existing small endowments sometimes generate trivial earnings even in good years.

- Endowments last “forever” but are difficult or impossible to repurpose even if the original need has ended.
- An endowment principal “ties up” money that is urgently needed now for many important causes.

Mission Endowment Fund (MEF)

This multi-purpose endowment supports many important needs within and outside Saint Luke that aren’t affordable from normal offerings. Donations to the MEF are deposited in a pool of conservative growth investments. The earnings from the invested money are available to fund grants proposed by Saint Luke members, committees and outside organizations. Decisions about investing and spending are governed by a six-member Board of Managers elected by the Congregation. Final review and approval of grants is done by the Congregational Council, followed by review and approval at the annual meeting of the Congregation. Examples of recent grants are \$1,050 to the Quilting Ministry, and \$10,000 for a children’s school and mission in Mexico. Unlike the Designated Endowments discussed earlier, there is no minimum donation to the MEF.

Planning for End of Life

Although the end of your life is something you probably don't want to dwell on, deciding what will happen to your assets and personal possessions after your death is important. Preparing a Will is the simplest way to ensure that your funds and property will be distributed according to your wishes. If you desire to leave a portion of your funds or property to Saint Luke, specify your intentions as a bequest in the will. Include details on how you want the

bequest used and distributed (e.g., special gift, MEF or endowment).

Another way to give upon your death is to specify Saint Luke as a beneficiary of some portion of your life insurance proceeds or your retirement plan.

Recognition

Most special gifts and endowments specify a person, program or organization in whose memory the donation is being made. In many cases, there was an event that motivated the gift or endowment. A fitting tribute is a donation in memory of a Saint Luke member or other person who died. The donation might honor a group, such as a Saint Luke choir or other ministry, or the birth or graduation of one's child. The Saint Luke Conservator maintains a directory of these memorializations.

Non-Cash Charitable Donations

Other valuable ways to contribute to Saint Luke, other than forms of cash (check, credit card, etc.), include common stock and bonds, mutual fund shares, life insurance, real or personal property, cemetery plots, and others. Often, there are tax advantages in such donations (check with your attorney or tax advisor as needed). Sometimes there is a limited market and significant fees for liquidating items such as property and cemetery plots. Please coordinate with the Saint Luke Conservator (see contact information at the end) if contemplating such donations.

E-Giving

In this age of internet banking and electronic money transfer, a growing number of Saint Luke members are using electronic giving to make contributions to our church. They like its convenience and regularity, always delivering their offering whether they make it to church each week or not. The donated amount and frequency can easily be changed as desired. You can designate giving for your Faith Commitment (General Fund), for special appeals like Hurricane Relief, or for specific Saint Luke programs. Electronic giving also eases the workload on our Financial Secretary and her staff.

Saint Luke members with a smartphone can set up electronic giving on their own using the GivePlus application. However, many of our members do not own or use a smartphone. The Saint Luke Financial Secretary can set up electronic giving for these members as well.

Please contact our Conservator, Darrell Neily at conservator@saintluke.us for step-by-step instructions, whether you have a smartphone or not. Additional information and a video demonstration are available at <https://www.giveplus.com/>

Gifts from your IRA (for those over age 70)

A recent federal tax law offers the opportunity to give a tax-advantaged contribution to Saint Luke, or any charitable organization, for those age 70-1/2 with an Individual Retirement Account (IRA). This form of giving is called a Qualified Charitable Distribution (QCD).

Here is a brief summary of QCD:

- IRA owners who have reached age 70½ can contribute up to \$100,000 of

otherwise taxable payouts directly to charity.

- Such distributions count toward your required minimum distribution starting at age 72, and are not included in taxable income.
- You don't get a deduction for such gifts, but keeping the money out of your taxable income in the first place — rather than reporting it and then offsetting the income with a charitable deduction — can be advantageous.
- With the new tax cuts and increase in the Standard Deduction, many more Americans will not itemize their deductions, including charitable donations. QCD offers a way to get FULL tax benefits, even if you don't itemize.
- There may also be advantages for your Social Security benefits, certain tax credits, and Medicare due to lowering your taxable income using QCD.
- Your IRA Trustee (the company holding your IRA) typically requires only a letter of instruction from you to issue a QCD.

- The Trustee will subsequently make out a check and mail it directly to the charity.
- The Trustee will send you a letter specifying that the amount was part of an IRA distribution.

If your designation is Saint Luke Lutheran Church, please also notify our Financial Secretary that such a payment has been arranged. Let her or him know if the payment should be directed to one or more specific purposes, such as the General Fund, Mission Endowment Fund, Hallwood, Christian Day School, etc.

First Steps/Contacts

For more information about anything in this brochure, or to discuss ideas about special gifts or endowments, please contact the Saint Luke Conservator, Darrell Neily, at conservator@saintluke.us, or Pastor Miller, at 301-588-4363 (camiller@saintluke.us).

