



# *Guide To A Christian Estate Plan*

## **A Lasting Legacy of Faith**

A will or trust is the cornerstone of a well organized estate plan. In a will or trust you determine how your estate will be distributed and how you will provide for your loved ones. In addition to providing care and instruction for your family, these instruments can proclaim your Christian faith and demonstrate your response as a faithful steward to future generations.

You may obtain a great deal of information on estate planning from your financial and legal advisors, and we suggest you take advantage of that expertise. This guide focuses on the charitable aspect of estate planning. The content of this publication is meant for your consideration before consulting with a professional advisor. It gives insight into the ways you can give and offers ideas, solutions and alternatives to reach your charitable goals.

## How to Begin

For many people creating an estate plan seems overwhelming and procrastination takes over. Yet, making decisions about your estate can relieve the stress from loved ones trying to respect your wishes. Each will or trust is unique, and must be structured to fit the needs and estate plans of each individual and the laws of the state in which they live. For this reason, you should consult a lawyer to assist you in drafting your will or trust.

Before meeting with an estate planner you will find it beneficial to take the following steps. These steps can be facilitated by obtaining a *Personal Record Book* to organize this information. This resource is available for download at the Friends of Christ Foundation website.

### Assets

First, list everything you own - money, property, life insurance, pension, investments - and how your property is owned, either individually or jointly.

### Beneficiaries

Next, identify and list the people, organizations and causes that mean the most to you. This is the time to reflect on the blessings you have received during your lifetime and consider your responsibilities as a steward. Try to determine how you would like to divide your assets among those on this list.

### Executors

Once you have reviewed your assets and listed your beneficiaries, it is important to name the person(s) who will see that your wishes are carried out. The executor, subject to state law, may be a friend, relative, or representative from a bank or trust company. An alternative to your first choice should always be named.

## Plan Your Charitable Bequest

There are three important considerations in planning your charitable bequest to achieve your goals:

1. Will your gift be restricted in use?
2. What is the amount of your gift?
3. How will your gift be distributed?

### 1. A Restricted or Unrestricted Gift

With a restricted gift, you name the specific causes you wish to support. This could be a special program of Christ Community Church, a specific ministry of the church, or other church-related ministry. The form of the gift should be made with the broadest possible terms consistent with your interests. This guards against the conditions of your gift becoming obsolete.

An unrestricted gift permits the foundation and church to use your gift where the need is greatest. This allows the foundation to respond to changing mission needs of the church as they arise.

**Example: "... to be used for the benefit of Christ Community Church as the foundation board and the church session see fit."**

### 2. Amount of the Gift

Once you review your estate plan, you can reasonably determine the amount of your charitable gift. You can choose a particular dollar amount or a percentage of your estate such as a tithe of 10%.

**Example: "I bequeath to the Friends of Christ Foundation, Milpitas, CA the amount of \$\_\_\_\_\_."**

Another option is to make a charitable gift of the residual of your estate, which is determined after other gifts have been made to your heirs.

**Example: "... the rest, residue, and remainder of my estate both real and personal, I give, devise and bequeath to ... (name of church or charity)."**

### 3. Structure of Your Gift

The last major consideration involves the distribution of the gift to the charitable beneficiary(ies) you selected. Your gift can be a direct distribution to the charitable beneficiary; it can establish a permanent memorial fund; or it can establish a life income plan to provide income for loved ones during their lifetime with the remainder distributed to charity.

#### Direct Gift

A gift given directly to the Foundation, Church, a mission cause, or other organization may be the easiest and most efficient way to meet your charitable goals. The gift may be restricted or unrestricted and can be distributed as a "lump sum."

#### Memorial or Permanent Fund

A gift can be used to establish a memorial fund. A memorial fund, also known as a permanent fund or endowment, is created and the income is distributed according to your wishes. The principal is invested and will continue to generate income for many generations to come. The fund can be established in your name or in memory of a loved one. A permanent fund can permit restricted or unrestricted use of income by your chosen beneficiary.

**Example: "... to the Friends of Christ Foundation, Milpitas, CA the sum of \$ \_\_\_\_\_ to establish a permanent fund in memory of my parents to be known and designated as the John and Jane Doe Memorial Fund. The income shall be used for ..."**

#### Testamentary Trust

You may place property or assets under the management of a trustee, often a bank or trust company. The trust instructs the trustee how to manage the assets and make distributions to your beneficiaries - this may be especially important if you wish to protect your beneficiaries who may be inexperienced in managing financial assets.

A testamentary trust is established in your will, but does not become effective until your death. You may change your will and the items in the trust at any time during your life.

#### Charitable Life Income Plans

These plans provide income to loved ones during their lifetimes while deferring a gift to charity. After the lifetime of the designated income recipient, the charitable remainder will go to the named charity as you have instructed. Your estate may be able to deduct the charity's deferred interest on its estate tax return.

**Note:** All plans have restrictions for beneficiaries and specific wording. It is best to seek advice from your lawyer or estate planning advisor.

## You Can Make Changes

The benefits of having a Christian will or trust can be both spiritually and financially rewarding. And, as in all wills and trusts, nothing is "carved in stone." You can make changes at any time for whatever reason you want. Births, deaths, changes in marital status, or the choice of a new executor are some of the things that might influence your estate plan. Your will or trust can be changed by an amendment, called a codicil. It is easy to do but a lawyer's assistance is recommended.

## Formalizing Your Will or Trust

Once you have considered how you would like your assets distributed, and to whom, you are ready to formalize your instructions. An attorney, preferably an estate planning attorney should do this, so that proper language and terms are used. Employing an attorney will ensure that your intentions are clear and concise. This prevents the possibility of misunderstandings and delays in executing your desires and ensures your will or trust complies with the specific requirements of your state.

## Friends of Christ Foundation

In May 2001, Christ Community Church of Milpitas (CCCM) established a non-profit Corporation called the Friends of Christ Foundation with the purpose to receive contributions that are to be used solely for the benefit of CCCM.

The Foundation provides a simple, easy-to-use vehicle for members and friends of CCCM to make permanent gifts to God's work through wills, trusts, life insurance, annuities, stocks, endowment funds and other long-term or high value financial arrangements.

## Why is the Foundation Needed?

Churches have many legal restrictions placed upon them that significantly restrict the management of donations. The church is set up for managing current operations. Legally, donated stocks, property and other assets must be liquidated immediately, even if it is not in the best interest of the church. The church is prohibited from participating in or holding most forms of investments.

The Friends of Christ Foundation is not subject to these restrictions. The Foundation has certain legal benefits as well as the ability to secure, retain, or invest gifts for long-term use by CCCM.

*The materials provided in this guide are examples of a general and informative nature, and do not constitute advice, legal or otherwise. Through careful estate planning, you can attain your objective for providing for loved ones as well as for ministry. Please consult your attorney or advisor for financial and estate planning advice before you take any action.*



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