

Congregational Stewardship Planning Guide

Building on Your Mission and Ministry



Lutheran Foundation Canada
REFLECTING GOD'S GRACE



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LUTHERAN FOUNDATION CANADA

Who We Are

Lutheran Foundation Canada, a ministry of Lutheran Church Canada, was formed to assist Lutheran donors in identifying, establishing, and carrying out their charitable wishes towards congregations and organizations that support the mission and ministry of Lutheran Church Canada. As Lutheran Foundation Canada works directly with individual members to help them establish great stewardship decisions within their estate plans, including the development of a gift to support ministry, it only makes sense we also work with congregations, encouraging them to implement great stewardship decisions with the gifts they receive as a result.

What We Do

First, through educational seminars and consultations, we build awareness within individuals and congregations about the importance of Christ-centered estate planning and congregational stewardship. Second, through seminars and one-on-one consultations, we help Lutheran donors understand how they can be a blessing to their families and the ministries they are passionate about, by using Godly stewardship principles. Third, through support, we work with individual donors to create God-pleasing legacies that provide a permanent and stable source of income to further develop and expand the mission of the Church, thus strengthening these ministries for your children and grandchildren for generations to come. Fourth, we work directly with congregations to help them establish and implement planned giving programs, gift acceptance and use policies, and create/manage gift funds.

What We Are Not

Sometimes we get confused as just another fundraising organization or an investment company. But that is not our purpose. Lutheran Foundation Canada is focused on connecting Lutheran donors with the ministries of Lutheran Church Canada. Through our efforts, all LCC organizations can benefit from increased giving. By encouraging planned giving, we can help those that joyously want to share their blessings for the purposes of building God's kingdom. All of the donor gifts go directly to the ministries they have chosen to support.

Our Mission

To empower God's people to respond to His grace through gift planning.

Our Vision

We envision the day when the Lord's people, abundantly blessed, return His gifts in full measure to provide ongoing resources for His work on earth.



COMMITTING TO THE FUTURE

Building on Our Legacy of Faith

“But just as you excel in everything—in faith, in speech, in knowledge, in complete earnestness and in your love for us—see that you also excel in this grace of giving.” 2 Corinthians 8: 7

If you look back over the history of your congregation, chances are you will find stories of devotion, faithfulness, caring, nurturing, outreach, community, sorrow, joy, celebration, support, life-changing events, heartbreak, uplifting spirits, and many, many more. A church is not simply the building we use to experience Word and Sacrament ministry. A church is the people, gathered together to hear the message of forgiveness and salvation and grow in their faith, so they too can be equipped to share that same message outside the four walls of the physical building.

Our forefathers believed their faith was incredibly important to them, their families, and their brothers and sisters in Christ. They believed a place of worship was essential to build on this faith. But they also knew that to do the Lord’s work in the long term, planning was important and taking care of the local congregation meant that they weren’t willing to watch the whims of society dictate the success or failure of this work. They understood that being a great steward with everything God had blessed them with, meant the work of the church could continue well into the future, and supporting its mission was not only significant, but vital to fulfilling their role as Christ’s ambassadors.

At Lutheran Foundation Canada, we believe that this same vigor to share the Gospel and bring people to Christ is still there throughout our congregations. We believe that as Christians and as God’s stewards, we have incredible opportunities to build our mission and ministry through proper planning. We believe that the work of our churches to reach out to our members, our communities, our country, and the world remains significant and vibrant. But a church cannot fulfill its mission and vision if it doesn’t have adequate financial resources, both now and in the future. Understanding how these resources can be created, managed, and distributed enables a congregation to make commitments and plans for its future.

This workbook is designed to help your congregation move through the establishment, development and implementation of a congregation gift fund and planned giving program. Gift funds and planned giving programs are to be understood in the context of a church’s overall stewardship for the financial support of its mission. You may already have some of the components of a plan in place and therefore may not require all of this information, but regardless of where you are at, there are likely a few things that still need to be done. Through proper planning and leadership, the legacy of love and faith your members have for the church will grow into commitments to support its work and be encouraging, inspiring and a wonderful expression of their faith and values in action for others to follow.



Objectives

Thoughtful, informed, and prayerful planning of your congregation's mission and ministry is fundamentally an act of good stewardship. The creation of a gift fund may be the right way for your congregation to be a great steward of the gifts entrusted to you, and thus ensure its vitality for years to come.

Whether your church is seeking to establish a new gift fund, or seeking to re-energize an existing one, this guide can help. Working through this process not only creates a cohesive approach to gift acceptance, but it builds on the wonderful legacy of mission and ministry that has grown out of your congregation's generosity in the past. Clergy, lay leadership, stewardship committee members, elders, or anyone else who has responsibility for the financial health of the church can use this guide.

What This Guide Is Not

This guide is filled with basic information on gift funds including definition, structure, funding, marketing, etc. Since gift funds and planned giving programs are only successful if people know about them and use them, we have also included ideas on ways to help inform the members of your church about your gift fund and how they can participate in it.

However, this guide may not provide everything a church needs to know about creating and maintaining a gift fund and planned giving program. To that end, we suggest that you work closely with Lutheran Foundation Canada as well as other professionals as deemed necessary to develop and implement your plans.

You will find that this guide does not endorse a particular way of distributing or managing your gift fund, as these are decisions your congregation will make based on its own needs and philosophy. However, this guide will help you through those decisions by encouraging God-pleasing stewardship throughout the process.

Ultimately the purpose of a gift fund and planned giving program is to glorify Christ through the generosity of your members and the work that can be done to further His purpose through mission and ministry.



The Guide Is Divided Into Six Sections:

What is a Congregation Gift Fund?

This section provides general information about congregation gift funds and how they work, as well information to help your church decide if creating a gift fund and planned giving program is appropriate.

The Mechanics of a Gift Fund

Here you will find more detailed information about how a gift fund can be set up and managed. A worksheet is included to help you find a structure for the fund that best suits your congregation's mission and needs. Sample bylaw and mission statements will help you integrate the gift fund within your larger church mission.

Sharing the Message of the Gift Fund to Members

In this section, you will learn how to communicate effectively about your gift fund and planned giving program to your members. A gift fund is only successful if potential donors understand its purpose, how it functions, and how they can use it to fulfill their stewardship goals and meet their charitable giving needs. The opportunity to share a portion of one's resources for the Lord's work is a compelling reason to give to your church's gift fund. Included are communication plans and messages, a list of potential messaging techniques, and a guide to roles and responsibilities in the gift fund process.

Giving to the Gift Fund

This section provides overview information on how donors can make charitable gifts to your gift fund and how to determine which types of gifts are acceptable and appropriate in a variety of circumstances. It also includes information on how to recognize these gifts and keep donors and members updated on how existing funds are being utilized.

Gift Fund Resources

Use this section to learn more about the services offered by Lutheran Foundation Canada that you can use to create, invest, and manage your gift fund, including how we can work with your congregation throughout the whole process.

Frequently Asked Questions

The answers to 12 questions frequently asked by a congregation or by potential donors when setting up the gift fund are included in this guide. Of course, you may have additional questions beyond these. Lutheran Foundation Canada representatives are available to guide you through the gift fund process and to answer to additional questions either about this guide or how your church can best use it. We can also provide additional materials and education through seminars, council and elders meetings and individual discussions with your pastor and/or members.



WHAT IS A CONGREGATION GIFT FUND?

Are We Getting By or Bringing Our Mission to Life?

In many congregations, budget challenges seem to be one of the most pressing issues on the table. As a result, we see reduced programming, lack of outreach, diminishing mission support and perhaps even some difficulty in retaining a pastor. Yet we are living in a time when most of our members are being blessed beyond measure! At the same time, these faithful members understand the importance of the work of their church but may not realize how significant a role they can play in its ongoing mission and ministry, especially when they are no longer alive to support it.

The creation of a gift fund that will produce income for your church, may be the difference between just “getting by”, and fulfilling the great work of your church’s mission and vision for generations to come.

Gift Fund Explained

A gift fund simply explained, is a single pool of resources set up by your church to receive charitable gifts from your members either during their lifetime or through their estate when they die. Its purpose is to provide a source of funding for mission and ministry work that is over and above the work currently being done. In this way, the gift fund encourages stewardship and builds on the great work Christ has commissioned us to do.

The management of the fund is determined by your congregation and detailed in a Custodial Gift Fund Investment Agreement.

Mutual Stewardship

Gift Funds are partnerships between church members and the church itself – partnerships based on the idea of mutual stewardship. By supporting the gift fund, church members act as stewards of the blessings God has given them, to and for their church. By using the gift fund to fulfill its mission, your church acts as a steward of the gifts received, to and for your members and the community both within and external to Lutheran Church Canada.

Local Control or Endowed Fund

Your gift fund is established either as a custodial fund under your control or as an endowed fund under the control of a separate charitable organization like Lutheran Foundation Canada. The way a gift fund operates, is governed by a Gift Acceptance and Use Policy, created, and adopted by your congregation. Distributions from a gift fund are typically consistent with one of the following methods:

Income only: Distributions are made only from the income the fund produces (usually interest and dividends), and the principal remains intact. Because the principal is left untouched year



after year and increases as gifts are received, the fund will provide a secure financial base from which the church can realize its future vision.

Percent of value: Because fund performance may change from year to year, some churches have moved to a distribution policy based on a percentage of the fund value. Usually this is between 4% and 6%, which means that in years when investment return in the fund exceeds that percentage, the fund grows. This growth permits the same distributions in other years when market performance is poor. The ability to make regular annual distributions in spite of market performance is believed by many to support a more active mission program that generates more interest and commitment to giving.

Minimum value: Your congregation may wish to attain a minimum value of the fund prior to any distributions and then determine annual distributions based on retaining this minimum value. Although there are some advantages to this model, in most cases it will produce fluctuating distributions that may not be consistent with the work your congregation wants to do.

However your church decides to implement its distribution policy, it is important to remember the fund's goal is to support your ministry. By practicing great stewardship, your gift fund should enable you to grow your ministry and missions thus further encouraging members to participate.

Donor Choice

When Lutheran Foundation Canada works with donors, we encourage them to leave undesignated gifts to their congregation. In this way, they are placed within the gift fund and provide flexibility to meet the needs where they exist.

Gifts of cash, life insurance, retirement savings accounts, publicly traded securities, or gifts of property, are appropriate to donate to a gift fund. Other types of gifts may also be appropriate, but they should be accepted only when consistent with your gift acceptance policy, so that any risks or liabilities can be minimized or eliminated. Gifts to the fund are easy to facilitate during life and after death through a will or designated beneficiary.

Tax Advantages

A gift to your church's gift fund qualifies the donor or donor's estate to receive a charitable tax receipt. When you are alive, this tax receipt can offset up to 75% of your annual income and any excess can be carried forward for a period of five years. When you die, your charitable gift can offset up to 100% of your income in the year of death and the year previous to your death. Certain types of gifts may provide a greater tax advantage than others. Lutheran Foundation Canada representatives can provide you with additional information on the advantages of charitable gifts.



Why Should We Consider a Gift Fund?

Bringing Mission to Life

From time to time, congregations have been blessed to receive a special, extraordinary gift from a member or member family either during life or through an estate after death. These gifts are wonderful blessings to the mission and ministry of the church, yet they sometimes create more discord and harm, than good. Too often there are unyielding, differing opinions on how a particular gift should be used, exacerbated due to having the money 'in hand'.

In many cases, this reactive approach to managing gifts tends to place the importance on the betterment of the physical building rather than expanding the mission of the church. And often, gifts are consumed within general operations rather than in support of new outreach opportunities within a community.

A gift fund, together with a well-defined gift acceptance and use policy, makes the complete process proactive rather than reactive. By considering the long-term needs of a congregation, and its overall mission, a gift fund will not only provide exceptional resources to continue this work, but also honor the donor through decisions developed with a stewardship focus in mind.

Transfer of Wealth

Over the next 10-20 years the most significant transfer of wealth will happen from one generation to the next. As your elderly members establish plans to transition their estates to their heirs, it is conceivable there will be an increase in frequency of memorial and larger planned estate gifts. At the same time, as some members retire and perhaps sell certain assets like cottages, farmland, or business interests, there may be a greater opportunity to leave major gifts while they are still alive. For this reason, congregations are encouraged to create policies now, in anticipation of, and prior to receiving such gifts.

Mission-Driven Not Money-Driven

The word stewardship sometimes creates negative feelings within people. In particular, if stewardship is always associated with a poorly crafted message about needing more money, members do not get very excited about giving. In contrast, a well-articulated stewardship program, which emphasizes what Christ has done for us and what we do in return based on a joyous response to His blessings, has a greater opportunity to be successful. In addition, when members understand the overall mission of their congregation and the work that can be done with resources like a gift fund, they become excited about sharing a portion of their own blessings.

When your church chooses to set up a gift fund, it is making a commitment to its members to act as a good steward of the donated assets. And when donors give to the fund, they are creating a legacy of stewardship that can last for years to come.



THE MECHANICS OF A GIFT FUND

Five Steps to Creating and Growing a Gift Fund

Congregation gift funds, when planned and nurtured, help expand mission and ministry through local, regional, national, and international outreach. Gift funds are an excellent way for churches to act as good stewards, because they help ensure that gifts received will continue to benefit the church for years to come. Just as being a good steward requires careful planning and attention to detail, so does creating and growing a gift fund.

The following five steps provide a broad overview of the complete process. These steps will help your church understand the big picture of what is involved in setting up a gift fund.

Step 1: Identify the need for a gift fund

There are basically three fundamental reasons to establish a gift fund:

1. To invest donor gifts in the best way possible to maximize the stewardship potential.
2. To build long-term financial resources to enable the congregation to share the gospel of Jesus Christ in ways they were not able to do before, thereby expanding its mission and ministry.
3. To encourage members of your congregation to leave a gift for the work of your church and demonstrate what that work looks like.

Many churches rely on annual pledges to fund their budget, but less thought is given to the long-term financial needs. At the same time, it is reasonable to expect that your congregation will receive a large gift at some point. Without thoughtful planning, the use of such a gift may in fact create more problems than it solves. Also given our sinful nature, we may consider the value of a large gift more important than a smaller gift. A gift fund removes these tendencies, as all undesignated gifts are placed into the fund and are used based on a well-planned distribution policy.

To determine if a gift fund is right for your church, start by introducing the concept at a council (or elders) meeting. At the same meeting, the church council should:

1. Review the mission statement of the church.
2. Identify ways this mission is being accomplished.
3. Identify the current financial strategies in place that will allow your church to continue accomplishing these goals.
4. Identify greater mission and ministry opportunities that could be accomplished by additional resources.
5. Review the receipt of previous gifts and understand how they were utilized.



The answers to these items will determine in some way the overall need to establish a gift fund.

Step 2: Learn what a gift fund is and what it can do

A gift fund is a fund set up by a church to receive gifts either in a lifetime or through an estate as a bequest from multiple donors and is intended to be maintained on a long-term basis, providing support for the church's mission into the future.

A church may establish a gift fund in a few different ways.

- It may establish, invest, and manage its own fund.
- It may establish its own fund through Lutheran Foundation Canada.
- It may establish a fund through a third party like a financial institution.

The fund itself may be either custodial (owned by the congregation) or endowed (owned by a separate organization like Lutheran Foundation Canada). Each has its advantages and a representative from Lutheran Foundation Canada can help you decide which works best for your congregation.

Step 3: Identify the areas that would benefit from the proceeds of the gift fund

"Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things." (Matthew 25:21)

Donors or donor families have entrusted the money within your gift fund to your congregation. This thank offering to God made to your congregation comes with a great responsibility. Distributions from the gift fund should be used in ways that are consistent with the congregation's mission and vision. It is important to remember that a gift fund is not a replacement for annual giving in the offering plate. Where the latter is considered to fund the operational budget, the gift fund should be used to build on existing work thereby expanding the mission and ministry of the church.

The areas that you choose to support will depend a lot on the type of work that already goes on within your church and community. There is a great advantage to planning the fund allocation as a percentage of the whole rather than on a dollar amount. This type of planning leads to clearer, mission-driven thinking, rather than money-driven decisions.

Examples of gift fund allocations:

- A tithe of all gifts to be sent as first-fruits offering to support Lutheran Church-Canada at large.
- A portion to be used for local ministry and outreach within your community.
- A portion to be used for capital improvements relating to the well-being of the congregation so there is a strong local church to continue the work.
- A portion to be used for external missions beyond the scope of your own community either within your region, nationally or internationally.



Step 4: Develop a gift acceptance policy and establish the gift fund

Before the fund is established, you will want to select a gift fund committee to oversee the fund and prepare a Gift Acceptance Policy. Lutheran Foundation Canada can provide you with sample gift acceptance policies to help you develop your own. Your policy will provide details to the congregation about why the gift fund was established, the types of gifts that are acceptable, methods of leaving a gift, the gift utilization policy, the investment of the gift fund, and ways in which donors will be recognized.

To complete this step, the church should take action to:

- Approve the establishment of the gift fund.
- Authorize the election or appointment of a gift fund committee.
- Define the makeup and duties of the gift fund committee.
- Define the guidelines for distributions from the fund.
- Develop the gift acceptance policy.
- Determine where the gift fund will be held.
- Authorize a particular investment policy for the fund.
- Develop any church bylaws that need to be in place to establish the fund.
- Approve a transfer of existing funds if there are any, to the gift fund.

The most successful gift fund committees recognize that a gift fund can be grown more effectively and quickly through additional contributions than through investment returns. Having individuals on the committee that are willing and able to promote the mission of the congregation and the gift fund and ways to establish a gift should be a priority.

Step 5: Create a business plan to promote the gift fund

Most likely, your congregation will have to be educated about what a gift fund is and how they and the church will benefit from it. It is important to establish an overall stewardship philosophy that promotes giving as a joyous response to everything Christ has already done for us. Ultimately leaving a gift to the church is an extension to the stewardship practices we faithfully work through every day. Since many of the gifts that go into a gift fund come from a charitable bequest in a will, it is important that members understand how they can create a bequest and be a blessing to their church and to their families at the same time.

People have many different reasons for giving to their church. Although most are motivated by this sense of stewardship, there are additional benefits that may in fact increase the size of a gift. For example, many members have accumulated significant RSPs and are unaware of the tax implications their estate will have when they die as a result. A marketing plan will help you communicate with all audiences within your church.



GETTING THE MESSAGE OUT

Making God a Part of Your Plans

Christian stewards already understand that we are managers, not owners. In Psalm 24:1 it says, *“The earth is the Lord’s, and everything in it, the world and all who live in it.”* We also know it does not matter how little or how much we manage as it isn’t in the quantity of stuff but the focus of our hearts that makes a difference. As Christ tells us in the Parable of the Talents in Matthew 25:21, *“Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things.”* These are awesome words of comfort and grace.

The Lutheran Church is full of wonderful, caring, giving people who faithfully support their home congregation and many other ministries they are passionate about each and every year. Interestingly though, less than 20% of these same people think about how they can use their estate to continue to be a blessing to these same ministries. Stewardship doesn’t need to end simply because we die. An estate provides a significant opportunity to share a portion of the many blessings we have received in our lifetime without sacrificing our very basic desire to provide for our families.

Our attitude and our motives regarding the plans we make do matter. Giving is our joyous response to the many benefits we have received in our lifetime. Of course, part of good stewardship is to provide for our families and heirs but if that is all we do, we are missing out on a good chunk of the message. God has blessed all Christians with leftovers. What we cannot take with us when we pass through the gates of Heaven, must be left behind for the use of others. In our liturgy we sing *“What shall I render for all His benefits to me?”* How will our leftovers be distributed? Who will get them? Will they be used wisely, prudently and for the most God-pleasing causes and benefits? The general affluence of our current society and culture allows Christians to have significant leftovers. Because God has supplied us with all we use and enjoy on this earth, our action of returning a portion of our leftovers is really us saying “Thank you Lord”.

Giving is to be an integral part of our stewardship. As Paul says in 2 Corinthians 8: 7 , *“But just as you excel in everything—in faith, in speech, in knowledge, in complete earnestness and in your love for us—see that you also excel in this grace of giving.”* Sometimes we may think it is our long hours, education and work ethic that are behind our success, but we are reminded in Deuteronomy 8:18, *“Remember the Lord your God, for it is He who gives you the ability to produce wealth”.* We belong to God, our possessions belong to God, and it is He who enables us to manage what it His.



Creating a Message: Telling People About the Gift Fund

Developing a plan together with a Gift Acceptance policy is a wonderful exercise. But if all you do is write a few documents and put them on the shelf, how is your congregation going to know about the gift fund and its benefits or how they can become involved to support it? Your gift fund and planned giving program needs to be alive within your congregation.

Just like any other service or program offered by the church, the purpose and benefit of your gift fund and planned giving program will need to be shared with your members. Excellent, consistent, and timely communication is important – telling people the fund exists, explaining why it was created, describing the ways people can contribute to it, the advantages of doing so, all help the members understand how they can participate. You can market your gift fund in many ways. The biggest challenge will be communicating the right messages to the appropriate people in the most effective manner.

Getting Started

Like anything else, effective communication requires planning. Typically, the responsibility for marketing your gift fund falls under the gift fund committee. It is important that your gift fund committee be made up of members of different ages, backgrounds, and core competencies, as well as different roles within the church. This will give your committee a well-rounded approach to developing great material. Be intentional about creating a plan that is a part of your congregation's overall stewardship and strategic plans. This will ensure your messaging is consistent with current and future financial needs to provide resources for the mission and ministry you want to accomplish.

Defining Goals and Objectives

The first step in creating a marketing plan is to define the goals and objectives of your plan. What do you want to accomplish through messaging? How will you determine whether or not you are successful? The goals and objectives of your gift fund communication plan will depend on the circumstances unique to your congregation. Generally, however, your marketing goals and objectives may look something like this:

- Support the gift fund's goal of raising a dollar amount in contributions and/or legacy commitments over (some time period).
- Raise awareness, by telling potential donors the fund has been created and explain why.
- Educate by helping potential donors understand how they can participate and what the benefits of doing so are, both for the church's mission and for the donor.
- Show connection to mission and vision by explaining how the gift fund is aligned with and supports the mission and vision of the church
- Show tangible ways other donations in the past have benefited the church



Writing Key Messages

In order for something to be successful and adopted with joyous hearts, it is important to create a few key messages all audiences should know about your gift fund and planned giving program. While you may want to tailor some messages to individual audiences, such as younger families or seniors' groups, the overall key message should serve as a cornerstone for all communication about the gift fund.

Your key messages should speak to the role of the gift fund in supporting the mission and vision of your church. It is important these messages are in line with the other messages within the congregation and should be discussed with your pastor and lay leaders before finalizing them. All messages need the support of church leadership.

Sample Key Messages

Key messages might look something like this:

- Supporting our gift fund is one of the best ways you can ensure that our church will continue to share the Gospel for years to come.
- Contributing to our gift fund is a way to continue your financial stewardship of God's gifts to you as you give a portion of the blessings you have received from Him.
- Establishing a gift in your will to support the mission and ministry of (your church) is a wonderful way of thanking God for all you have been blessed with in life.

Identifying Key Audiences

Every member of your church may have a different reason for participating (or not participating) in the gift fund. Some give out of thanksgiving; some because a specific church program or mission is dear to them; some give because of the tax advantages; some give because they feel it is the right thing to do; some give because they recognize the need to support what the church does in the long run. Although your marketing plan will not likely identify every specific reason for giving for each individual member, it is important to identify what the gift fund can offer from several perspectives and to communicate these benefits to potential donors. Since not everyone sees the gift fund the same way, this approach ensures a broader more comprehensive understanding of what your gift fund is aiming to accomplish.

Perspectives on Giving

The following provide some examples of how you can most effectively position your gift fund to your members.

- **Biblical context** – Giving is all part of being a Christian steward. Your gift fund operates within this environment both through the actions of the donors and the management and use of the funds. By using contributions wisely, the gift fund provides for the long-term health of your church and thus ensures that its Christian mission can continue into the future. The Biblical basis for stewardship, and the gift fund's role in it, is a message to be delivered by your pastor.



- **Donor/personal stories** – Hearing someone’s story about why they established a gift in their will or made a contribution in life to the gift fund is a very effective way of sharing your message. A donor story is framed around what it means to the person. Others within the same mindset or demographic will understand a message like this and be able to relate to what is being said. A message like this can come from someone that is well respected within the congregation that can share his or her thoughts on giving.
- **Impact stories** – For many people, establishing a gift comes down to believing the funds will be used for a good purpose. Most people won’t give to a “nebulous” purpose. For this reason, it is important to speak to the purpose of establishing the fund and, if you already have some working capital, to share the work that is being done with the gifts. On an annual basis or in a church newsletter care should be taken to report on activity, growth, future missions, etc.
- **Growing the church** – This may also be viewed as maintaining the church into the future. Making sure potential donors understand the need for your gift fund is a key element in inspiring participation. For many congregations, the gift fund is created because there is no other mechanism in place to ensure the long-term vitality of the mission and ministry of the congregation. Show people the real numbers and describe how a gift fund isn’t to replace offerings but rather to grow the mission.
- **Mission and vision** – Everyone should know the purpose of your gift fund is to support the mission and vision of the church. Your gift fund should have its own mission statement reflecting this principle.
- **Financial benefits** – Many people are not aware of the tax advantages and other financial benefits of giving to a gift fund. In fact, many people do not even consider how they can use their estate to benefit both their family and the ministries they love. Developing messages on this front will help those that would want to participate but didn’t know they could. In a lot of cases, once a member understands the impact their gift can have for the church and how minimal an impact it has on their estate, they are more than willing to give.

Delivering the Message

Each of the previously described perspectives on giving should be delivered to potential donors through a communication method best suited to the topic and most likely to reach people who will respond. There are many ways to communicate to potential donors about your gift fund. Lutheran Foundation Canada provides material, seminars, announcement scripts, bulletin inserts, newsletter stories, PowerPoint slides and more to help you craft and deliver appropriate messages.

Your congregation may have different communication tools in place than others, so use the methods that are most suitable for your church. Some methods of sharing your message include:

- **Workshops/Seminars** – These are particularly good at delivering a general overview of the gift fund and its role within the work of the church. They can be tailored to a specific subject as



well, like the financial benefits of a gift. They can also be delivered at specific events like your voters meeting or annual general meeting.

- **Church Bulletins/Newsletters** – Regular newsletter articles on stewardship, your gift fund, and mission opportunities that are funded as a result, are excellent ways of keeping the planned giving message in front of members.
- **Church Talks** – These are talks donors can give to the congregation where they share their thoughts on the importance of the gift fund and on establishing plans to leave a legacy gift in a will.
- **Personal Letters from Church Leadership** – Sometimes receiving a letter is more effective than using a bulletin insert. Not everyone in your congregation attends at the same intervals but that doesn't mean the less frequent members wouldn't want to contribute. Use letters to share information, invite questions and discussion, and especially to promote the message of stewardship.
- **One-On-One Visits** – A personal visit can be a very effective way of garnering support and answering questions. Many people will not ask questions in a public forum, but will, if given the opportunity in the privacy of their homes. Involving the pastor in these meetings can help to share the mission and vision of the church.
- **Annual Report** – Your gift fund committee should produce an annual report summarizing the mission and goals of your fund and outlining how the fund was used to support the church's mission and ministry. This report should not just go to donors, but rather all members of the congregation.

Whichever methods you choose to communicate, Lutheran Foundation Canada can help you draft your material and be an integral part in delivering the message. A few tips to consider as you go through this process:

- Don't limit your marketing efforts simply to members that show up in the pews. Past members or members that have moved away may also want to participate in the work of their previous home congregation.
- Just like a gift fund should provide support on an ongoing basis, the marketing of your gift fund and planned giving program is not a one-time deal. Consider marketing your message year-round by utilizing all of the above methods or additional methods as your technology allows.
- Set aside at least some time during the year when you can emphasize the gift fund. This shouldn't be the same time as your annual stewardship drive as you don't want people to think they need to do one or the other. If you have an annual budget meeting in the winter/spring period, this may be a good time to focus on the gift fund as it might also be a time when the congregation votes on the mission and ministry to support with the distributions.



Lutheran Foundation Canada
REFLECTING GOD'S GRACE

Gift Fund Roles and Responsibilities

One of the biggest challenges in communicating the benefits of a gift fund is deciding who does what. It's an important step, because the person or group delivering a message can have a large influence over how the message is received. A message about the Biblical context of stewardship is more credible coming from your pastor. A message on the tax advantages of donating shares is more credible coming from someone knowledgeable in financial matters. A message on the use of the fund is likely best delivered from the gift fund committee.

Role of the Pastor

A pastor's primary communication role relating to gift fund communication, is to proclaim the mission and vision of your church and explain how the gift fund furthers this mission and vision. He will also provide a Biblical approach to stewardship, but he should not be put in the role of "fundraiser". Through sermons, letters, personal visits, addresses at a luncheon or event, and messages in the gift fund annual report, your pastor can provide spiritual leadership to support this stewardship message.

Role of the Gift Fund Committee

Essentially it is the gift fund committee's job to do everything your pastor doesn't do. This includes the creation and administration of the gift fund, developing the communication surrounding the fund, organizing workshops, and engaging the assistance of Lutheran Foundation Canada where needed to assist in the complete process.



GIVING TO THE GIFT FUND

Why Do We Give

Giving is to be an integral part of our Christian stewardship. Sometimes we may think it is our long hours, education and work ethic that are behind our success, but we are reminded in Deuteronomy 8:18, *“Remember the Lord your God, for it is He who gives you the ability to produce wealth”*. We belong to God, our possessions belong to God, and it is He who enables us to manage what it His.

As you develop your messaging for your congregation, it is important to remember our role as God’s stewards and how that role means we can be an incredible blessing to our family and for the Lord’s work.

Types of Charitable Gifts

There are many different ways for a donor to contribute to your gift fund. Gifts can be made either while the donor is still a faithful active member, or they can be made through the member’s estate when they die. This guide is not intended to provide detailed information on the process of a donor establishing a gift. Rather it is to provide an overview of the most popular ways a donor can make a gift. A representative from Lutheran Foundation Canada can work with your congregation and individual members to provide further details and help members fulfill their charitable wishes.

Direct or Outright Gift

A direct gift is when a donor gives an asset, such as cash, securities, personal property, or real estate, directly to the gift fund while they are still living. An appropriate charitable receipt is given to the donor (based on fair market value of the gift), which they can use to offset income in the current year and carry forward any unused tax credit for the next five years.

Planned Gift

A planned gift, or sometimes called a charitable bequest, legacy gift, estate gift, or deferred gift, is when someone gives assets, such as cash, securities, personal property, or real estate, through their will. Any person who has a will or living trust, regardless of age, size of their estate, or the amount of their gift, can make a charitable bequest. The bequest is usually written up as a set amount or as a percentage of the estate residual. The estate will receive a charitable receipt for the fair market value of the gift, which can be used to offset estate taxes both in the year of death and the year previous to death. Because an estate usually produces one of the largest tax bills a donor might ever have, an estate gift is an excellent way of reducing these taxes. At the same time, because the donor will not need their assets anymore, an estate gift can usually be larger than any gift given during their lifetime.



Qualified Asset Beneficiary Designation

Certain assets, like an RSP or RIF, are transferred by designating a beneficiary. If there is no surviving spouse, a donor can name a charitable entity as the beneficiary. By doing this, the donor reduces or eliminates the taxes that otherwise would have had to be paid at the time of redemption.

Charitable Life Insurance

There are multiple ways to use life insurance as a charitable gift. A donor can:

- Transfer ownership of a life insurance policy they already have, especially if the policy is paid up in full, although if premium payments are still required, they then become a charitable gift.
- Designate the church as the beneficiary of an existing policy.
- Cash out a current policy they no longer require and donate the cash value of that policy to the church; or
- Purchase a new life insurance policy naming the charity as owner and beneficiary of the policy.

Life insurance can be an appropriate giving vehicle for many donors. Different tax advantages will result depending on which approach is taken.

Charitable Remainder Trusts

A Charitable Remainder Trust allows a donor to arrange a gift today and receive an immediate tax receipt while enjoying the income, or use, of the gifted asset for his/her lifetime. Upon the donor's (or beneficiary of the trust's) death or after a defined period of years, the remaining assets in the trust transfer to the charity.

Charitable Gift Annuity

An annuity is created through a gift of cash to the charity. The charity purchases the annuity that provides an income for life for the donor. The donor receives an immediate tax benefit and income at a reduce tax rate.

Gifts of Residual Interest

A donor may gift his/her personal residence or other real estate during life and continue to enjoy the use of the property for a defined period of years or until death. The donor receives an immediate tax receipt, and the property is not included in probate of an estate upon death.

Determining Acceptable Gifts

Not all gifts are acceptable or beneficial to your church. There are some gifts your church may not want to – or should not – accept. In fact, there are gifts that may even jeopardize the charitable status your



church enjoys. Some gifts may result in more hassle and expense than benefit to your church. This is why a well-constructed "gift acceptance policy" is necessary.

A gift acceptance policy can help manage the expectations of donors and serve as a guideline for the gift fund committee as they ask for and receive gift contributions. The most significant reasons to adopt a gift acceptance policy include:

- Accepting some types of gifts may run counter to your congregation's values and purpose - so a gift acceptance policy can be useful to underscore why you cannot accept the gift.
- Your church may simply not be equipped to either dispose of or manage the ongoing requirements of maintaining the value of certain gifts, such as real estate.
- Having a gift acceptance policy in place is considered a "best practice"

The following are circumstances that would typically be reasons to decline a gift:

- Any gift that contains unreasonable conditions, liens, or other encumbrances.
- Any gift that presents exposure to unacceptable liability.
- Any gift that could financially or morally jeopardize the donor or the congregation.
- Any gift where an appropriate "fair market value" is not determined by a current third-party appraisal or will result in unwarranted or unmanageable expense for the congregation.
- Any gift that could jeopardize the congregation's charitable status.
- Any gift that could improperly benefit a donor or other individual.
- Any gift that holds a condition that is revocable in any way.

Gift Recognition

"But when you give to the needy, do not let your left hand know what your right hand is doing, so that your giving may be in secret. Then your Father, who sees what is done in secret, will reward you."

Matthew 6:3,4

Acknowledging your donors is important, but at the same time the purpose and motive for giving should be out of gratefulness for what God has already done for us, not based on the recognition given. For this reason, acknowledgement plaques or even labels are discouraged. It is wise to keep any acknowledgement reasonable and shared in love. Care should be taken to be respectful of the donor and focus on the benefits the donor's gift accomplishes. Your gift fund committee should take time to consider how all gifts will be recognized.

For any gift received, a tax receipt needs to be promptly provided to the donor or the donor's estate. The amount of the receipt will equal the "Fair Market Value" of the gift, less any benefit to the donor. The receipt should be accompanied by an appropriately worded "Thank you" card or letter.



GIFT FUND RESOURCES

Responds to the Changing Needs of the Church

Lutheran Foundation Canada is committed to helping congregations across Canada maintain and grow their mission and ministry. We are here to help by assisting your members in developing current and planned gifts. At the same time, we can provide resources to your congregation that will assist you in creating and investing your gift fund.

Flexible Options for Gift Funds

Whether your congregation wants to establish an endowed gift fund or a custodial gift fund, Lutheran Foundation Canada provides you with some flexibility to build an ongoing, perpetual source of income for your ministry. Your gift fund can become part of a larger pool of funds already invested with the Foundation, thus giving you access to greater financial expertise and greater returns than what you might earn through your own local financial institution. The benefits of establishing a gift fund through the Foundation include:

- A turnkey solution
- A simple and flexible plan
- Part of a larger asset pool
- A choice of investment portfolios focused on safety and growth
- No administration on your part
- Low management fees
- Quarterly reporting on the status of your fund
- Access to tools for outright and planned gifts or giving anonymously

To establish a gift fund with the Foundation a minimum of \$25,000 is required, and new donations can be accepted at any time.

Meeting the Needs of Your Congregation

Each congregation may have slightly different needs as you consider the value of establishing a gift fund and planned giving program. Regardless of these needs, Lutheran Foundation Canada can work with you in the areas of:

- Strategic planning
- Gift Acceptance Policy creation
- Marketing your gift fund to your members
- Gift planning and estate stewardship



FREQUENTLY ASKED QUESTIONS

Each Member Can Give According to His or Her Ability

“Each one must give as he has decided in his heart, not reluctantly or under compulsion, for God loves a cheerful giver.” 2 Corinthians 9:7

The purpose of the following is to provide general information in response to questions you may have or may receive from potential donors as you present your gift fund plans. It is not intended to provide specific advice or recommendations, but enable you to adequately provide an initial response.

Representatives from Lutheran Foundation Canada can assist individual donors on specific requests with regard to their personal situation.

1. Do I need a will?

Almost always the answer is yes. Without a will, the courts will decide who will receive your assets and who will manage your estate based on the laws of where you live. As a result, the people, and charities that you would like to bless may not be blessed. A will allows you to appoint a guardian for your minor children, appoint an executor to carry out your wishes, and determine the final destination of your estate assets.

Creating a will is, in itself, an incredible act of stewardship. In fact, it is your last act of stewardship. Not only are you being responsible in the distribution of the blessings that God has given to you, but you are also able to designate a portion of your estate to support the ministries you love. For most people, a charitable gift in their estate can be their single biggest gift of their lifetime. What an honor to be a blessing to your family and the church at the same time.

2. What is Planned Giving

“Planned Giving” means mapping out a plan for making a gift to a charitable organization. A caring person integrates planned giving into his or her financial strategies during different stages of life. We spend a lifetime building up assets and it only makes sense to plan out how they will be distributed. Planned giving enables a donor to thank God for all of the blessings they have received and strategically develop gifts that benefit both the estate and the church.

Planned giving takes on many forms and is tailored to meet the needs and goals of the donor. Each person’s giving desires make each gift unique and important regardless of size. Martin Luther stated, “The heart of the giver makes the gift dear and precious.”



3. When is the best time to establish a planned gift?

It is human nature to procrastinate on difficult decisions, but essentially the best time to establish a planned gift is right now. Planning takes time, is brought about through prayer, discernment, and trust in God. It usually involves spouses and professional advisors to develop and implement your gift. Since we do not know when God will take us home to be with Him in heaven, it would seem reasonable that we begin the process of planning sooner rather than later.

Your gift plans may change over time. When you are in your 30s or 40s with a young growing family, you may simply want to establish a gift as a percentage of your estate. As you get older, you may be able to develop a current gift in life as well as a greater gift upon your death. Perhaps you are single or a widow/widower in your 70s or 80s and your children are all quite successful. This is a great time to develop a significant gift to ministry, as you know your children have very limited needs.

4. Can I leave a significant gift to charity while not depleting my children's inheritance?

Yes, through the use of "wealth replacement" products like life insurance. Perhaps you have the ability to establish a gift today. By transferring an amount to charity, you will receive a tax deduction in the year of the transfer. Depending on the gift, you may also receive an annual income stream. These tax savings and/or income stream may be used to pay the premium of a life insurance policy with a face value equaling the value of your gift. This type of gift will transfer to the designated beneficiary upon your death without going through your estate. A gift structure like this benefits the donor, the charity and the donor's family.

5. What are the benefits of making a charitable gift through my will?

Charitable bequests (i.e., assets given through a will) come at a time when you no longer need the assets anymore. Usually, bequests are written to occur upon the second-to-die in a spousal relationship. This way when the first spouse dies, there is no concern there won't be enough remaining to support the surviving spouse. A gift in your will also provides a generous tax benefit to your estate. In most cases, the value of the tax benefit equals about 46% of the value of the gift, meaning your gift only costs you about half as much as provided to the charity. Charitable bequests, as a percentage of your estate or as a dollar value, can be the most appropriate method of establishing your gift.

6. What are the benefits of leaving my RSP or RIF assets to charity?

Your RSP or RIF is often the one asset that causes a significant tax hit on other assets you own. When you die, unless there is a spousal RRSP in which to transfer the assets, the full amount of your RSP or RIF will be considered your income in the year of death. Depending on your tax bracket and value of the RSP or RIF, you could end up giving half of it away to the government in taxes. Given our natural tendency to delay paying taxes, it is not uncommon for many people to have built up a sizeable RSP or



RIF. Although you cannot eliminate the tax liability on your RSP or RIF if you are the second-to-die, changing the designated beneficiary to a charity will offset the entire tax amount owed.

7. I have a life insurance policy I don't need. Can I gift that?

Yes. Life insurance is one of the easiest ways to establish a charitable gift. It doesn't require a change to your will at all. You simply change the beneficiary of the policy to a charity. The proceeds of the policy get paid directly to the charity upon your death and are not held up in probate or estate settlement. Your estate will receive a charitable receipt based on the value of the policy. You can also make the charity the owner and beneficiary of the policy, whereby you may receive an immediate tax benefit and annual benefits if there are still premiums being paid by you. Even if you don't have a life insurance policy, purchasing one may be the most cost effective and appropriate way to establish your gift.

8. Can I make my charitable gift during my lifetime?

Absolutely. For some, who have more wealth than they could possibly use in their remaining lifetime, the idea of waiting until they die to leave a gift isn't something they get excited about. They want to see their gift in action. You may want to take advantage of the tax benefits while you are alive, especially if you are about to sell a significant asset like farmland, a cottage or rental property. Some types of lifetime gifts provide an annual income, or allow you use of your asset during life until you die. Finally, you may not have any heirs still living when you die. By gifting in your lifetime, you are making the decisions today to benefit the charities and receive the satisfaction of knowing you are helping to support ministries today.

9. How can I ensure my assets go to my heirs and not the government in taxes?

Every estate has at least two beneficiaries: family and the government. But there is a third option that all too often gets ignored, and that is a charity. Your church is probably one of the most significant charities in your life. After all, you have been blessed to be a part of your church family through great times and sorrowful times. And you have already received the greatest inheritance you will ever receive, that being eternal life with your Father in Heaven. By planning carefully, you can reduce or eliminate all estate taxes through charitable giving. Although this third option does take some financial benefit away from your family, the impact is not near as high as one might expect. You do not have a choice to give your estate away when you die, but you do have a choice on where it goes. By establishing a charitable gift to your church or the ministry, you are supporting things that are important to you, not to the Canadian government.

10. How can I make a large gift to my church without disrupting our annual stewardship decisions?

Sometimes, when a congregation receives a large donation, members tend to pull back on their annual stewardship, thinking the church now has lots of money. Unfortunately, this is our old Adam speaking. By establishing a gift fund, your congregation can be proactive in how gifts will be received, invested,



and allocated. Gift funds are specifically designed to build on the mission and ministry of your church and not meant to replace the annual offerings of individuals to support the operational budget. When members give to the gift fund, they already know how those resources will be utilized and therefore may become even more inclined to increase the value of their gift. Distributions from your fund go to supporting the mission and ministry today and into the future, thereby ensuring that the work of sharing the Gospel and bringing people to Christ continues.

11. Do I need to work with Lutheran Foundation Canada to establish a gift?

No, you do not. You can certainly establish a gift in your will with the help of your lawyer without any involvement from the Foundation. Even if you are considering a gift to your church's gift fund, it can be done without working through the Foundation. However, there may be significant advantages of using the services of the Foundation. These include:

- Using the Foundation to distribute your gift to multiple ministries/charities including your congregation gift fund.
- Making the task of administering your estate with respect to charitable giving easier for your executor as he/she only has to work with one entity. We will take care of distributing your gift at no cost to your estate.
- Allowing you to remain anonymous in your giving if you choose to do so.
- Providing assistance in the various gift strategies you may employ, helping you draft up appropriate language for your lawyer to place in your will.
- Reducing the cost of creating or changing your will by ensuring all of your information is available and correct prior to visiting your lawyer.
- Understanding your charitable wishes and the needs of the various LCC ministries and auxiliaries, thereby helping you connect with the ministries you love in a manner that is most beneficial to you, your estate, and the charitable organizations.
- Being able to share your story with someone of the same faith and belief, who understands the importance of thanking God for the many blessings He has bestowed on us.

12. Does Lutheran Foundation Canada provide any additional material, resources, workshops, or seminars that I could attend to learn more?

Yes, we do. One of the best ways to get a general overview of estate stewardship is to encourage your congregation to have one of the representatives of the Foundation come to your church. We have a number of different approaches depending on your congregation's needs. We also assist church councils, pastors, and elders in the development of policies, communication materials and stewardship programs that assist members in the establishment of charitable gifts.



GIFT FUND WORKBOOK

Identify the Need for a Gift Fund and Planned Giving Program

Step 1: Describe the mission and vision of your congregation.

Step 2: List ways your congregation's mission/vision is put into action.

(Examples might include: mission programs, evangelism, local outreach, worship, youth development, VBS, community program support, or shut-in ministry.)

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.



Step 3: Identify the resources

For each of the above programs/actions, think about the means your congregation has in place to ensure that resources are available to carry them out in both the short and long term. Match the *program/action* with the *means* in the chart below.

Short-term means might include a stewardship drive, building fund, special offering, specific appeals, etc.

Long-term means might include a gift fund, memorial fund, designated accounts, etc.

Program/Action	Short-Term Means	Long-Term Means

Many congregations find that although they have the means in place to support the short-term needs of the programs, they do not have anything in place to support their mission in the long term. A gift fund together with a clear planned giving focus can help.



Step 4: Identify new mission opportunities

A major hurdle to overcome in many congregations is the understanding that the church exists simply to serve the needs of its membership. Although there are potentially a great many needs within the congregation, there are many more needs beyond the walls, especially in the area of evangelism. Thinking about this external work (or outbound mission work) is important, because it helps to fulfill the mission of your congregation as you share the gospel of Christ.

In many cases, a congregation would like to do more than they already are doing in the area of mission and evangelism. Usually, the primary stumbling block is resources. Use this step to think outside the box and consider greater opportunities beyond what is currently being delivered. Examples may include: sponsoring a work group on a short-term mission trip, funding a project through Lutheran Laymen's League or Concordia Lutheran Mission Society, establishing a LAMP team, working with the homeless, etc.

Mission Opportunity	Funding Requirements	One-time or Long-term



Developing Your Plan to Share the Message

Step 1: Identify Objectives

Write down the objectives or your plan. What do you want your messages to accomplish?

Step 2: Identify Key Messages

What are some of the key messages you want to deliver regarding your gift fund and planned giving program?

Step 3: Who is Your Audience?

Who are the people you are trying to reach with your message? Remember different people will have different reasons for participating (or not participating) in your gift fund.



Step 4: Perspectives on Giving

What can your gift fund offer to potential donors? What are some aspects of a planned giving program you might highlight for various groups of potential donors?

Step 5: Communication Tools

What forms of communication does your church already use? What additional methods of communication would be most useful in your church?



Step 6: Communication Grid

When you consider your existing methods of communication and new methods of communication, use this grid to match up the messages with the best communication tool. Feel free to add or remove items as you see fit.

COMMUNICATION GRID						
Message →	Biblical Stewardship	Donor Stories	Impact Stories	Growing the Church	Mission and Vision	Financial Benefits
Communication Tools ↓						
Church Bulletins						
Sermons						
Newsletters						
Workshops						
Church Talks						
Recognition Event						
Personal Letters						
Brochures						
Personal Interviews						
Annual Report						

Step 7: Timeline

Create a timeline for delivering your message. Remember, this is not a one-time message. Year-round consistency, supplemented by a seasonal emphasis period, can be a very effective approach.



Dealing with the Obstacles

If congregations are like individuals, there will always be reasons not to do something. As you develop your messages, reflect on what holds your church back from deepening its commitment to outbound mission. Below are some typical obstacles that you may want to address proactively within your planned giving program.

1. **Over commitment:** “Everyone is already too busy. There is no way we could do more.”
2. **Leadership:** “It’s not a high priority on our pastor’s to-do list.”
3. **Internal needs:** “We’ve got lots of problems in our congregation that need attention before we can reach out to others.”
4. **Timidity:** “Most people in our church don’t feel comfortable sharing their faith.”
5. **Immaturity:** “Our people aren’t ready to do ministry”
6. **Doubt:** “Our congregation is getting smaller, and our budget is limited. How could we do anything beyond keeping our doors open?”
7. **Giving:** “We already give a percentage of our church budget to missions. How can we expect to give more to new programs?”
8. **Familiarity:** “We like things the way they are. Change is hard.”
9. **Isolation:** “Our church is different from our community. We don’t know how to approach them.”
10. **Expectations:** “We have already tried to reach out but no new members have joined our congregation.”
11. **Dysfunction:** “We have an evangelism committee but it’s not very active right now.”
12. **Fear:** “Most of us feel anxious about getting involved.”
13. **Discouragement:** “We’ve tried and failed because no one participated.”
14. **Conflicts:** “We can’t agree on how we should put additional resources to work.”
15. **Finances:** “We are already stretched financially. How can we be expected to give more?”