

# CHRISTIAN MONEY \$ENSE

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## Estate Planning 401- Thinking and Giving Outside the Box

*Mark Robbins, CPA*

Imagine there are two large gift-wrapped boxes in front of you. They are equal in size and have removable gift-wrapped lids. In one you are going to place the assets that you wish to ultimately go to your family. In the other, you are going to place the assets that you want to ultimately go to the Lord's work.

What would you put in your Family Box? Real estate, investments, pictures, antiques, life insurance policies, retirement plans? God expects us to take care of our families (1 Tim 5:8), but most people concentrate so hard on the Family Box that they don't have anything left to put in the Ministry Box. In fact, 95% of Christians do not leave anything to the Lord's work in their Will. The Ministry Box is empty.

"But of course it is empty," you may say. "If I transfer assets from the Family Box to the Ministry Box, then I have less to live on and my family gets less when I die." In other words, you believe you can only give an asset away once. But things are not always as they appear. Imagine that I remove the bottom of the Ministry Box and place it on top of the Family Box. By doing so, I create a Charitable Trust. As I place assets into the Ministry Box, they benefit the Lord's work, but the benefits also pass through to the family. *Charitable Trusts help you increase your income and your giving.*

### **Charitable Remainder Unitrusts (CRUT)**

If you have an asset that has appreciated in value, you may realize that selling the asset will trigger at least a 20% capital gains tax. However, by placing the asset into a CRUT, you receive an income tax deduction, avoid capital gains tax upon the sale, lock in a guaranteed payout rate for life, and create a fund that benefits the ministries of your choice at

your death. The CRUT payout can also be structured to pay to your children after your death. *A CRUT "gives it twice."*

### **Charitable Gift Annuities (CGA)**

Are you tired of the low bank rates? A CGA is a contract with a ministry which guarantees you a fixed payment for life and gives you a tax deduction. The older you are, the higher the rate. A single-life CGA offers rates between 6.0% and 11.5% depending on your age. Two-life rates are also available. When a CGA is funded with appreciated property, there is a significant reduction in the capital gains tax. *CGAs make your assets work harder for you.*

### **Revocable Charitable Trusts (RCT)**

An RCT helps you increase your income and create a future gift to the Lord's work. Because the RCT is revocable, the funds can be added to or withdrawn at any time. Thus, the RCT provides no tax deduction. An RCT can be established for individuals or couples, and current rates range from 4-6% depending on the balance. The trust remains in effect until both spouses pass away. At that point, a portion of your remaining balance goes to support ministry. *An RCT creates current income and future gifts.*

You can earn and give more by thinking outside the box. BBC Foundation specializes in the creation and management of these trusts. Call for a no-obligation illustration.

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BBC Foundation has been ministering to churches and individuals regarding biblical stewardship since 1992. Send your questions on finances and stewardship to: BBC Foundation, 538 Venard Rd., Clarks Summit, PA 18411. Phone: (800) 451-8668, website: [bbcfoundation.org](http://bbcfoundation.org); e-mail: [info@bbcfoundation.org](mailto:info@bbcfoundation.org)