10 MISTAKES

CHURCH LEADERS MAKE WHEN IT COMES TO PLANNED GIVING

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TheGivingCrowd

OVERVIEW

INTRODUCTION

Churches should be the one place Christians go for counsel and encouragement in all areas of life—nothing should be off limits. Although the list of taboo topics is growing shorter, there is one topic that is holding strong: planned giving.

Planned giving is something few churches discuss. Perhaps you shy away due to lack of knowledge or the fear of making people uncomfortable. You aren't alone. And that's why we want to equip and coach you to lead your church fully in the area of stewardship.

After working with churches across the nation for more than three decades, we have identified the 10 most common mistakes church leaders make in planned giving. See how many of these you can relate to.

MISTAKE #1: DON'T TALK ABOUT IT

Silence is the most common approach to giving. Most pastors think giving discussions will cause people to choose a more "user-friendly" church. But silence creates a void needing to be filled by *something*. Without pastoral guidance, churchgoers must fill the gap on their own. These conclusions are often the opposite of what a pastor might counsel.

If silence is the church's approach to regular stewardship, then DEAFENING SILENCE is its approach to planned giving!

Not long ago, we presented at a seminar for church leaders. Afterward, two men approached and introduced themselves, an executive pastor of a large congregation and a lay leader who was his lawyer. The executive pastor stated, "My attorney and I just completed my estate plan, and neither one of us ever thought about including the church."

Another pastor once confided, "I have been in ministry for over 30 years, and I have never had anyone put the church in their will." Stunning, yes, but not uncommon. Silence fails to inform people of options and even causes them to believe the church isn't interested - or worse, isn't prepared to receive an estate gift.

While this may be true, the solution is a systematic communication plan addressing the full range of giving options. You don't need to create a big structure or hire new staff. Just open a dialogue. What if the senior staff updated their wills to include the church? Then they could talk about the process and why it's so important. That simple step could change how Kingdom work is funded in the future.

Think It Over

- What role does planned giving play in funding ministry in your church?
- How many times have you discussed planned giving in your church over the past year—or the past five years?

MISTAKE #2: NO URGENCY, SO WE PROCRASTINATE

The old adage "tyranny of the urgent" readily applies to the pursuit of planned giving. Churches are simply too busy with current needs to care enough about future financial viability and strength.

Church staff are typically stretched very thin, making it far easier to push off planned giving into the future than to get it done now.

Planned giving also gets shelved during capital campaigns. Many churches don't want to speak about two types of giving at once, so they focus on the urgent. But capital campaigns may find *more* success when planned giving is included.

Every church has members who could support the capital campaign by giving assets (such as farmland, a rental house, stock, etc.). And these are current gifts of assets, not future gifts from an estate or trust. So churches lose on multiple fronts by ignoring planned giving in capital campaigns:

- Larger, current gifts from assets than a particular donor was able to give in cash
- Future gifts through trusts and estates that will make future capital campaigns easier
- Significant stewardship and tax benefits that could have been enjoyed by members giving appreciated assets

Think It Over

- Did you include planned giving as part of your last capital campaign? Why or why not?
- Describe a time when your church received an estate gift. What were the circumstances surrounding the gift? What impact did it have on your ministry?

MISTAKE #3: DON'T SEE THIS AS PART OF OUR ONGOING STEWARDSHIP TEACHING

We could fill books with the nuances related to stewardship, but when it's boiled down, these three remain: First, everything we have, all that we are, is a gift from God. Second, stewardship is the act of showing our thankfulness by using everything to further the Kingdom. Third, stewardship is a means to a blessing for the giver.

To help Christians understand the first tenet of stewardship, propose a Kingdom gift in their estate plan. Explain that if all we have and all we are is a gift from God, then giving to His work in honor of the life we got to live is a logical step. This does not mean disinheriting our children—it means putting God into the mix, just as we have through our tithes and offerings. Thinking of it like this, Christians make their estate gifts with thanksgiving, knowing their gifts can impact future generations.

Think It Over

- Have you ever before considered planned giving as part of healthy stewardship?
- How can you incorporate planned giving principles into your current stewardship curriculum?

MISTAKE #4: FOCUS ONLY ON CASH

For years, financial professionals have believed the average American has about 9 percent of his or her total net worth in cash and approximately 91 percent in assets. Recent studies indicate that the reality might be closer to 7 percent cash and 93 percent assets (June 2011 report, *Growing Philanthropy in America*, Blackbaud and Hartsook Institute for Fundraising). For the average family, assets might be equity in a home, an IRA, a 401(k) retirement plan, stock and bond investments, and perhaps other property. And a few own rental properties, family businesses, and the like.

Generally speaking, the higher an individual's net worth, the smaller the percentage of that net worth will be in cash. Such people keep assets invested to produce value and appreciation rather than letting assets sit in cash or CDs. With this knowledge, the massive opportunity cost is evident when churches speak mainly about cash giving in teaching on stewardship and fund-raising efforts.

For most folks, giving out of their checkbook is the easiest and most natural. But helping people understand how to give out of assets is critically important, whether it's during their lifetime through a gifted piece of land, building, or house or whether it is included in their estate. Either way, it expands their view of stewardship and the church's potential for greater impact.

Think It Over

- What attention do you give assets in your current stewardship teaching?
- How can you help your churchgoers in giving non-cash gifts?

MISTAKE #5: LET PUBLIC UNIVERSITIES REAP THE REWARDS

Consider this highly successful fundraising plan: “We are going to build public universities and staff them with your tax dollars. Then we will charge you breathtaking sums to attend classes, leaving you with student debt for years. After you graduate, we will ask you to continue giving and even pay for seats at the football games. Over the years, we will ask you to support capital campaign after capital campaign, each time with larger and larger gifts. Then we will ask you to include us in your will. In fact, we will provide resources and support to make sure you do it right.”

This is the reality in our country today—*and it works*. And it highlights the reality in the Church today, “We do not ask too much of our members, but rather, that we expect too little.” It troubles me when committed Christians who have turned to the Church for baptism, marriage, child dedications, and a moral compass then leave their estate to a university. In most cases, Christians have not thought of it in this way. It is simply that the university talked about it and provided tools, and the Church did not.

Now, imagine if today, every church began a plan for estate giving. In 50 years, we might say, “Remember when people used to leave their estates to universities and hospitals?”

Think It Over

- In what ways have you succumbed to expecting too little from your church?
- What are some first steps you can take to develop helps for estate giving?

MISTAKE #6: ASSUME HIGH NET WORTH DONORS HAVE THIS “ALL FIGURED OUT”

This is perhaps the most natural and innocent of the 10 mistakes. If your church has successful business owners, you may assume they have already done this planning. Certainly, they would have advisers guiding them to fulfill their goals and requirements… right? In some ways, and in many cases, this is true. But in terms of *stewardship*, this is not true most of the time.

The very goal of an investment advisor, financial planner, or CPA is to help clients keep what they have and make it grow. Advisors are often paid more as the investments grow because they get a percentage of the total portfolio. It’s obvious why advisers rarely suggest giving assets or resources away (even to your wonderful church). It’s likely that four out of five of your high net-worth members or donors would have significant tax savings if they knew of creative ways to give from assets.

We have met countless high net-worth business owners who *thought* they had good planning in place—until they saw their charitable options. When they saw the possibility of fulfilling their retirement and inheritance goals while also reducing or even eliminating taxes —in some cases, millions of dollars—through charity giving, they have been stunned.

I’ve heard many times, “Why have none of my advisers ever shared these options with me?”

So, if four out of five could reduce taxes, fulfill their goals, *and* give more, wouldn’t it make sense to tell them?

Think It Over

- Do you think your financial leaders would be open to considering a legacy gift to ensure the vitality of the ministry beyond their time on earth? How can you help them explore their options?
- If stewardship is managing what God has entrusted to us on earth, shouldn’t estate gifts be part of our church giving as much as our regular tithes and offerings? Why or why not?

MISTAKE #7: DON’T OFFER A SOLUTION TO A PRESSING NEED

Did you know that 70 percent of Americans do not have a current will or trust? Perhaps even more troubling is an estimated 50 percent of Americans have no will at all (Scroggin, John J., AEP, J.D., L.L.M., “Estate Planning – It’s All About Your Legacy,” *Wall Street Journal Online*, March 2013). This is happening in a world where 100 percent of us are going to die. And if we die with no estate plan or one that is out of date, guess who decides the distribution? Yes—it’s the government (in the form of the courts). If that happens, it is unlikely that our estate will be distributed according to our hearts’ desires.

We regularly tell people there are three places your goods and assets will go upon your death: to your loved ones, the IRS, and charities. If you do nothing, the IRS gets part of your estate. Even if you have a very modest estate and have no estate-tax liability, ordinary income taxes will be due on anything left in your IRA or 401(k) upon your death (or after the death of your surviving spouse). Christians can disinherit the government by donating what's left in qualified retirement plans to a charity and avoid the income tax hit. This little-known fact does not impact the giver's current lifestyle, but can totally eliminate tax liability at death.

Think of it like this: A church would not imagine holding back beneficial information in other areas, so why the reluctance here? The Church should be the ultimate trusted financial advisor.

Not long ago, I spoke at a church leadership retreat. I asked these mostly affluent leaders to close their eyes and raise their hands if they had reviewed their will and its tax implications in the past year. Only one hand was raised. Now remember, these are *leaders* in the church, business, and community. There is a pressing need for guidance, and the Church must begin the dialogue.

Think It Over

- How can you help all your members get their end of life documents in order?
- What role could your church play in facilitating this process?

MISTAKE #8: DON'T TALK TO YOUR SENIORS

The seniors in your church are a special audience for planned giving. They are closer to having their trusts "mature," they are more sensitive to their mortality, and they are also more apt to take action. What's more, they can make some truly creative financial gifts.

Congress has allowed people 70 ½ and older to give up to $100,000 directly from an IRA (IRA Rollover) to a charity. This charity gift satisfies the Required Minimum Distribution (RMD) for their IRA, so they will pay no income taxes on it. For seniors who don't need the full RMD, this reduces taxes while creating a significant gift. Another option for seniors with cash or CDs is a charitable gift annuity (CGAs), which is basically a contract between the charity and the donor.

Say the donor takes $50,000 from a CD earning 1 percent and gives it to your church as a CGA. The CGA pays the donor an annual income of 6 percent or 7 percent—based on age—for the rest of his or her life (or the combined life of a married couple). (Note: These rates change periodically but specific rates can easily be obtained.)

In addition, most of that income will be tax free for the first several years, with the added benefit of a charitable income-tax deduction in the year of the gift. Wow! What's not to like about that? You could increase your retirees' income and create a significant future gift.

Think It Over

- What stewardship teaching do you have in place for your senior saints? How is it different from your general stewardship teaching?
- How can the attitudes and actions of your senior members influence the behavior of your congregation as a whole?

MISTAKE #9: LEAVE IT TO IN-HOUSE PROFESSIONALS

Almost weekly we get invites to an estate-planning workshop. It usually comes with a free dinner! Of course, the host always has an agenda, as they are financial advisors looking for new clients.

Maybe one of your own members has volunteered to conduct such a workshop on estate planning. It’s a nice idea, but many Christians simply don’t want the person sitting next to them in weekend services to know their balance sheet. They don’t want to be sold anything—but they still need the information.

We encourage churches to find a safe third party to communicate these principles. Help is out there, if you look for solutions. Do not become complacent just because it takes effort. Most churches do not need a planned giving staff person or an in-house expert. Most churches just need a little counsel and help from a knowledgeable professional.

Think It Over

- Who could you contact for help in developing a neutral third-party advisement seminar?
- Talk to two or three other ministry leaders in your area. Find out if they have any recommendations. Be sure to interview anyone before you present them to your congregation or invite them to speak to your leadership.

MISTAKE #10: DON'T ENGAGE YOUR LEADERS IN TELLING THEIR STORIES

Somewhere along the line, we turned the call of "not letting your left hand know what your right hand is doing" into a mandate that giving should be strictly private and not shared—ever. There are very good, Biblical reasons to not be boastful about giving. But there are plenty of examples in Scripture, starting with King David, where we are encouraged to share what we are doing, to encourage each other, to build one another up into love and good works.

If your financial leaders discover a creative way to give, encourage them to share it. They shouldn't share specific dollar amounts or the number of shares of stock given, but it would be inspiring to say something like, "I gave a rental property, which enabled me to reduce my taxes by 40 percent. And it's saved me a lot of headaches! Our family is thrilled to support the church missions project in…"

Recently, a donor of one of our ministries shared that she had a couple of "dog" properties. One of these dogs she had owned for more than 40 years, although "it just seemed to attract problem tenants and problems with the city."

We asked what she would think about simply giving it away to receive significant income-tax deductions and eliminate the headaches. Then we asked her if she *needed* the income from the property. She admitted she had never actually thought about any of that. When she saw it wouldn't hurt her financially and she could make an eternal difference through a missions project, she chose to give it away. She thought the building was worth approximately $800,000. The property sold for more than $1.1 million, and it was the most exciting gift of this woman's life.

Hearing such stories from a fellow member, from a fellow businessman, from someone you played golf with yesterday, is often much more powerful than hearing it from the pulpit.

It’s stimulating and refreshing to hear family members and business leaders talk with conviction about what God is leading them to do. So, encourage your folks to share their stories!

Think It Over

- Collect several examples of people in your church who have grown spiritually by thinking differently about planned giving.
- How can you share their spiritual growth stories over the next 12 months— in service, in print, on the Web, and so on?

FINAL THOUGHTS

These are interesting times for church leaders. Every day it seems our jobs become more complex. It's hard to keep up. Nevertheless, we feel a responsibility to participate and perpetuate the work of Christ until His return. To do that will take staff, volunteers, buildings, programs, and money. We don't want you to miss this incredible ministry opportunity within planned giving. But the reality is if the church remains silent, money God intended to fund the local church will be directed to other places.

Some experts suggest we are on the cusp of the largest transfer of generational wealth in human history. There are resources God has given the people in your church with the intention of funding ministry during and after their time on earth. The good news is you don't have to do this alone.

No ministry leader went to seminary to be trained in planned giving. Nevertheless, it is a subject we recommend you not sweep under the rug. Ignoring it won't make it go away. Embracing it will propel your ministry forward while helping your members be faithful in every way.

NEXT STEPS

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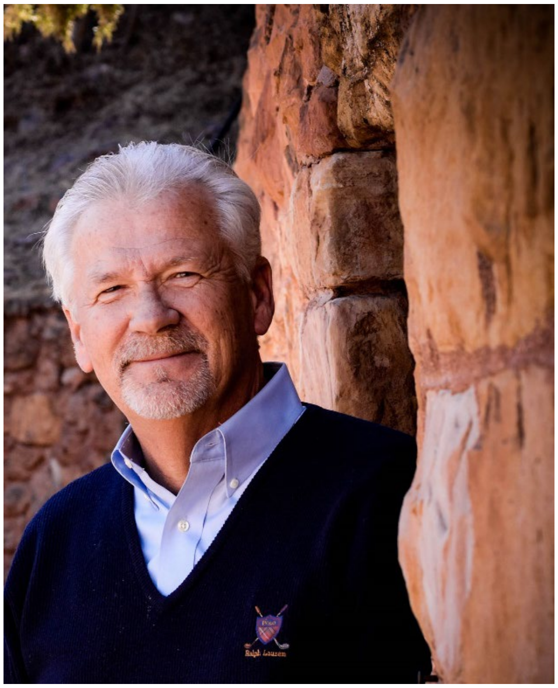
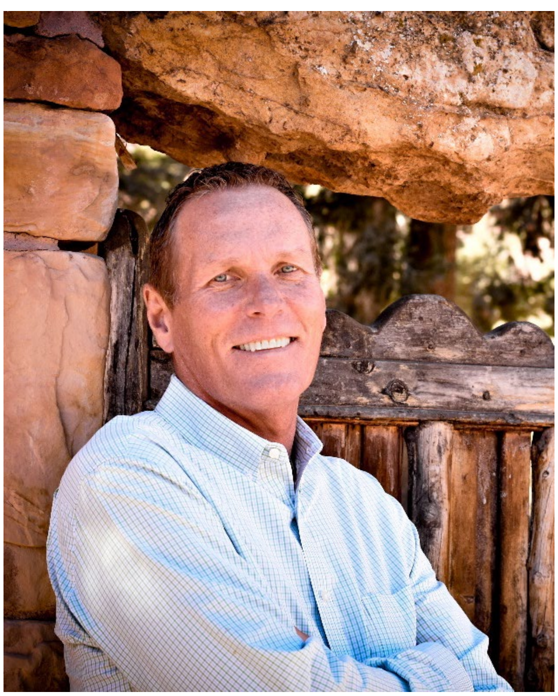
ABOUT THE AUTHORS



Greg Ring (Co-Founder) has been a recognized expert and thought leader in the Planned Giving arena for the past three decades. The firms launched by Greg have served more than 200 ministries and nonprofits, developing and executing more than $4 billion in documented planned gifts. His passion for the nonprofit sector has led to continual improvement of the service model. "How can we make Planned Giving easier for the nonprofit? Can we make Planned Giving cash flow positive for them?" are questions Greg has focused on strategically. The Giving Crowd builds on this rich history, engaging technology so that both the local church and the mega nonprofit can participate effectively and efficiently in "the greatest transfer of wealth in history." Greg is married with three daughters and six grandchildren, and lives in Colorado Springs.



Richard Blackmon (Co-Founder) has spent the past 20 years working on current gifts in the nonprofit arena. Before co-founding The Giving Crowd, he was CEO and President of one of the largest campaign consulting companies in America that provides services to a wide variety of nonprofit market verticals. He has helped clients raise hundreds of millions of dollars and helped conduct some of the largest major donor efforts in history (over $20 billion raised). Richard has had the privilege of working with schools/ universities, local churches, social service agencies, denominational bodies, the arts, and worldwide health organizations. He has a high understanding of philanthropy and aligning donor desires with specific needs. Richard and his wife Debby have five children and eight grandchildren.