

Sharing Your Blessings. . . For All Time

**Information about the
Support and Endowment Fund**

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FOREWORD

In August, 1994, the Session of our church approved the establishment of a Support and Endowment Plan with the purpose to:

" . . . provide for interested individuals a process whereby Sunnyvale Presbyterian Church may receive and best utilize bequests, deferred giving, memorials, endowments and other special contributions in accordance with the wishes of the individual donor and in a manner that will aid the long-term stewardship of Sunnyvale Presbyterian Church."

Under the plan there are two separate funds, the Support Fund and the Endowment Fund.

The *Support Fund* is to be used for special needs and opportunities within the church and/or community which lie beyond the church Operating Budget.

Income from the *Endowment Fund* (generated through interest, dividends, and capital gains, among other ways) is to be used for any of the following: 1) purposes designated by the donor and consistent with the Plan and the ministry goals of the church; 2) special needs and programs within the church and/or community; and 3) mission activity.

The Funds are managed by a Management Committee composed of a chairperson, member of session, and four church members elected by the session. Bequests may be designated for support of any portion of the program or mission of the church. Or, bequests can be undesignated, to be used as the Session of Sunnyvale Presbyterian Church believes beneficial to the church.

Management Committee
Members

Dave Morley, chair (408) 867-3869
Sam Pickard (408) 257-6028
John Vorreiter (408) 735-0056

Staff Person to Contact:

Jim Peterson (408) 739-1982 x315

Disclaimer- the information in intended for information only.

It is recommended you consult your attorney and accountant for legal and financial issues which relate to your specific situation.

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WHY YOU SHOULD MAKE A WILL

Every person who has possessions today has the privilege of deciding who will receive their estate upon death, no matter how large or how small the resources may be.

- Only you know how you want your possessions distributed.
- Only you have the power to distribute your property as you wish by making your will.

Your will is a continuation of your own life and influence. As long as you are alive, your will does not transfer any of your property, or give to others any rights to your property. Even though written many years before, it speaks for you only upon your death. It is the expression of your wishes; the document that acts for you in distributing your possessions.

Your Will Lets You Decide - Not the State

Serious problems can arise when a person dies without a will. When that occurs, the law directs how your estate will be distributed. There are no distinctions as to youth or age, illness or health, poverty or wealth, or any of the many other special circumstances which often vitally affect the well-being of your family, your friends, or the special causes that are most important to you. Next of kin are given arbitrary amounts. And, if no relatives qualify to receive the estate, the State itself takes the property.

Every year, hundreds of thousands of generally well-informed persons die intestate (without a will). They forfeit a privilege which is theirs as

American citizens. Some do not make a will because they do not wish to be reminded of death. Others don't like to be involved with legal documents. Some may think it will cost too much. Many believe that they do not have enough property to justify the making of a will. And others just never get around to making a will.

Wills Indicate Gratitude

Because your will reveals those things which are closest to your heart, it is a testimony of your Christian faith, stewardship and gratitude to God for all His blessings. As a Christian, you have been given the privilege of acquiring material possessions as a trust from God for the benefit of your loved ones, and for the glory of God.

In making a will as a Christian, you can acknowledge God's goodness and your trusteeship of His gifts, and reflect your concern for loved ones and for your church. Every Christian has the opportunity to include such a statement in the will, even though circumstances may prevent an actual monetary bequest to the church. When you include a bequest to the church in your will, your resources will continue to work for the Kingdom of God, in your name, down through the years.

Wills Can Produce Annual Income

Through their wills, an increasing number of persons have spoken effectively in behalf of the church. For example, many years ago, a churchman left \$15,000 in his will for Presbyterian causes. He stipulated that this money should never be spent, but was to be invested by the Trustees of the General Assembly. Over a period of many years, his original gift has paid out in income several times the original legacy for the work of the church. The principal sum remains intact, continuing to produce annual income for the church.

Residuary: Property left in your estate after payment of your debts and distribution of specific bequests.

Testament: A will that disposes of only personal property.

Testator (Testatrix, if a woman): Person who makes a will.

Will: Legal document giving instructions for distribution of your property after death.

LEGAL TERMS AND WHAT THEY MEAN

As you have your will drawn, you will become aware of technical terms. Some of the most commonly used words are defined below:

Administrator: A person (bank, trust, company, etc. pointed by the courts to administer and distribute the property of a person having no will.

Beneficiary: A person or organization you designate to receive your property through your will.

Bequest: A gift of property by will.

Codicil: A document executed after the will, which modifies, revises or changes the will.

Devise: To give real property in a will.

Estate: All the property you own at the time of death.

Executor (Executrix, if a woman): A person (bank, trust company, etc.) named in a will to administer the estate and distribute the property described in the will.

Heirs: Those who inherit your property.

Intestate: Without having made a valid will. (When you die without a valid will, you are said to die intestate.)

Legacy A gift of property by will (same as bequest).

Marital deduction: The right to divide the estate into two parts to avoid double taxation on a part of the estate.

Probate: To prove in court that a document is truly the last will and testament of a person.

Property: Everything you own.

Property - Personal: Securities, insurance, car, bank account, jewelry.

Property - Real: Land and anything attached to it - a house, a barn, etc.

Since its establishment in 1995, the Endowment Fund has grown to over a half-million dollars. Currently, all interest and earnings of the Endowment Fund are being reinvested to grow the Fund.

STEPS TO MAKING YOUR WILL

1. List Your Property And Heirs

The first step in planning for your will is to list all of the property of every kind which you have, and to decide whom you wish to have it. A carefully prepared will carries out your intentions, as if you were there to give the possessions to those you want to have them.

2. Name Your Personal Representative

Your personal representative (also called executor or executrix) is the one you name in your will to see that your property is distributed properly and your wishes followed. It is advisable sometimes to name one person and an alternate, so that, if one is unable to act, the court will know whom you would like to have serve. Many persons choose a corporate executor, such as a bank, or co-executors, relative or a close friend, and a bank or trust company. Such an arrangement will provide the benefits of both personal and professional interest.

3. Consult An Attorney

A competent attorney should be consulted when you wish to draw your will. This will assure you that your wishes will be followed exactly as you desire.

Few persons would dream of signing an important legal document without consulting an attorney. Your will has more serious legal consequences than most documents you will sign during your lifetime. It must "stand up in court" if the terms of your will are to be followed as you wish. Good intentions do not make a valid will. Neither does an unsigned memorandum or a conversation with a friend operate as a will. If your wishes are to become your will, they must be stated in legal phrases which cannot be misinterpreted easily.

Any probate judge, trust officer, or attorney can tell you of the heartbreaking cases they have known where an improperly drawn will resulted in a serious miscarriage of the intentions of the person who made the will. There has been unfair treatment in many instances, and sometimes even great tragedy. Laws are different from state to state. A will may be valid in one state, but invalid in another.

The cost of legal counsel for drawing a will is nominal. The size of your estate may be reduced substantially if you try to draw your own will or neglect to make one.

4. Remember Your Church

Every Christian has the opportunity to include a statement about the church in the will. Every Christian has the opportunity to include a bequest to the church. The amount should be in proportion to the means and the obligations to loved ones. By remembering the church, you acknowledge your gratitude to God for all of life's blessings, and follow the sound principle of Christian stewardship which applies in daily life. It may be that the most valuable thing Christians can leave their survivors is the example of good stewardship in the final disposition of their property.

For any of these options, consult with your tax advisor first.

HOW TO PROCEED

We invite you to plan your will now, so that, through your bequests, you will be able to strengthen Sunnyvale Presbyterian Church for generations to come. Ask one of our ministers, or a Member of the Management Committee, how you can extend your help to our church.

We want to serve in every way possible so that your will can be written to accomplish your intentions exactly as you wish. You or your attorney are invited to write or call for additional information about the Fund and the Christian program of Sunnyvale Presbyterian Church. All information will be held in strict confidence.

Wills and bequests, living memorials, outright gifts, and endowment may not be words of excitement in themselves, but every one of them can be translated into terms of human love for the Glory of God.

substantially appreciated tangible personal property. You should consult your tax advisor first, and have an appraisal made by a professional appraiser before the gift is given.

3. Life Insurance

Many people do not realize that life insurance policies or dividends paid on the policies make practical gifts.

You may have policies which you no longer need for their original purposes - to protect children who are now independent, or relatives who are now deceased, or a business now prosperous and secure. Or, you may have purchased life insurance to pay estate taxes which have been reduced or eliminated by tax law changes in recent years. Such policies make excellent gifts.

You can give a fully paid-up policy, and reduce your taxable income by the amount you paid for the policy, or its replacement cost, whichever is less.

You can give policy dividends by notifying the insurance company. The amount of the dividends given is deductible from your taxable income each year.

You can buy a new policy and name the Fund as the irrevocable owner and beneficiary. The premiums are deductible from your taxable income as charitable gifts.

You can name the Fund as the primary beneficiary of all or part of the death benefit, or as secondary or final beneficiary to receive proceeds if your first beneficiaries do not survive you.

The Fund was established to help you carry out this stewardship. You can leave something you own to the Fund so that it will serve Sunnyvale Presbyterian Church for generations.

5. Fixed Amounts vs. Percentage Of Your Estate

It is wise to use percentages in the distribution of your estate, rather than fixed amounts. In the fluctuation of your wealth, stating specific amounts for certain bequests may exhaust all of the estate, leaving little or nothing for others whom you intended to receive some of your estate.

6. Review Your Will Regularly

Your will reflects your circumstances at the time it is drawn. It does not record changes which may have occurred later. You should review your will regularly with your attorney, to be sure it reflects any changed conditions, and expresses your present intentions. Changes can be made by having your attorney add a codicil, or by writing a new will. Do not write your own codicil. It may be invalid or defeat your basic intentions.

You should review your will if there is any change in the marital status of yourself or other members of your family; if you move from one state to another; if there is a death, disability, or removal of your designated executor(s); if there is a birth, or death, or adoption, or removal of an heir; or when other circumstances suggest a change in your will.

THE CHOICE IS YOURS

You have a wide range of choices for the kind of church work you can support through a bequest. You may wish to underwrite a special project completely. Or, you may wish your bequest to be combined with other bequests in the Endowment fund.

Undesignated Bequest

One of the most useful ways you can give to the Fund is the undesignated bequest. Since it is impossible to predict the needs of Sunnyvale Presbyterian Church ten, twenty or fifty or more years in advance, such undesignated bequests allow the Fund to survey the needs of Sunnyvale Presbyterian Church, and, with concurrence of the Session, apportion the earnings where they will do the most good.

Designated Bequests

Designated bequests are ones through donors specify the cause or causes they support. After conferring with a member of the Management Committee , donors may make their bequests to the Fund and designate that the income and/or the principal be used for the purpose(s) named.

SHARING THE GIFT

Many gifts made to endowment funds come from wills and bequests, precisely because the need for the assets is unknown until the testator's death. In addition, those who have abundant blessings may find it possible to make substantial gifts to the Fund long before death, and thus personally and rejoice in the blessing of the gift and its benefit to the life of Sunnyvale Presbyterian Church.

Different types of gifts provide different advantages and considerations for the donor. Here are some examples:

1. Securities and Real Estate

More than 32,000,000 Americans own securities (stocks, bonds, mutual funds) - and still more own real estate. You can give real estate or securities which have increased in value. You thereby reduce your taxable income by the value of the securities or real estate at the time of the gift, and you are not subject to capital gain tax on the appreciation in value. This may be subject to an annual percentage limit for larger gifts, but the balance can be applied to later years. It is wise to consult your tax advisor.

2. Gifts In Kind

Works of art, coin collections, jewelry, antiques, etc., which have appreciated in value, can be suitable charitable gifts. However, the deduction is limited to your cost or other basis if the donee does not use the property as part of its charitable function. Therefore, you may want to select a museum or similar institution as the recipient for

10. Memorial Gifts

If it is desired that a bequest be held by the Fund as a memorial to the testator or someone named by the testator, the following may be added: "This bequest (or devise) shall be known as the Memorial Fund."

TAX AND OTHER SAVINGS

The costs of probating your will and following your instructions will be paid out of your estate. No matter what size estate you leave, costs will be reduced if your will is clearly and correctly drawn.

If yours is an estate of considerable size, there may be a very real tax saving if your will provides for a substantial bequest to the Fund. Bequests to religious, charitable and educational organizations are not subject to federal estate taxes (which are substantial on large estates) nor to local inheritance or estate taxes in California.

By making a bequest to the Fund in your will, you may reduce the total federal and state taxes to be paid out of your estate. Thus your gift to the Fund may cost less than its actual value. Also, in cases where survivors are willed a life interest with the remainder interest going to the Fund, survivors may receive income from a much greater amount than if the property had been bequeathed to them.

SUGGESTED FORMS OF BEQUEST

1. General Bequest

This is the simplest form of bequest, whereby a person bequests a stated portion to the Fund, without any conditions attached.

"I give and bequeath to the Fund percent of my estate after all costs have been paid, to be used for the general program of Sunnyvale Presbyterian Church."

or

"I give and bequeath to the Fund the sum of \$_____ (and/or the securities or other property described herein, namely _____), to be used for the general program of Sunnyvale Presbyterian Church. "

2. Bequest - Income Only To Be Used

"I give and bequeath to the Fund _____percent of my estate after all costs have been paid (or the sum of \$ _____ and/or the securities or other property described herein, namely _____), to be invested by the Fund so that the income only therefrom may be used for the general program of Sunnyvale Presbyterian Church."

3. Designated Bequest

This provides a sum of money for a specific or designated project or program of the church.

"I give and bequeath to the Fund ____ percent of my estate after' all costs have been paid (or the sum of \$_____ and/or the securities or

other property described here- in, namely _____), to be invested by the Fund so that the income there from may be used only for the capital needs of the church."

Or, your will can specify that the principal be used for the designated purpose.

4. Residuary Bequest

This is a provision in a will, leaving the remainder of your estate to the Fund after all other bequests are fulfilled.

"The rest, residue and remainder of my estate, both real and personal, wherever situated, I give, devise and bequeath to the Fund to be used for the general program of Sunnyvale Presbyterian Church."

If you wish, you can specify that the principal be invested by the Fund, and that only the income be used. And, you can designate the specific program or project if you wish to do so.

5. Contingent Bequest

This bequeaths to the Fund any part of the estate which other beneficiaries are unable to receive because of death or other reasons.

6. Bequests Providing Life Income

Because of the actuarial nature of bequests which provide life income or gift annuities it is suggested that such bequests be made to the Presbyterian Church (U.S.A.) Foundation, with the Fund as the beneficiary of the contingent or residual principal. Member of the Management Committee can direct donors with such intention to a local

representative of the Presbyterian Church (U.S.A.) Foundation to coordinate the details, including the tax aspects of this type of bequest.

7. Testamentary Charitable Remainder Unitrust

This is an arrangement in a will whereby property is placed under the management of a trustee, either a person or a bank or trust company. It does not become operative and binding until the death of the testator. The donor provides that the income from the trust (up to a fixed percentage of the value the trust corpus determined yearly) will be paid to any person designated for the duration of his or her life, and that, on the death of the designated person, the entire trust property be given to the Fund. This arrangement usually will reduce federal estate taxes which otherwise would be payable at death.

8. Bequest To Trustee With A Contingent Bequest

Where a trust is established by will or living trust agreement, with income to designated beneficiaries, the principal to be distributed at their death to their children, the Fund may be named as contingent beneficiary to receive the funds in case none of the final beneficiaries survives.

9. Devise Of Real Property

"I give and devise to the Fund all that certain (here insert the location and description), with the appurtenances thereto, in fee simple, to be used for the general program of Sunnyvale Presbyterian Church."