In the tenth century B.C. Solomon was the world’s wealthiest and wisest man. God used him to give us the book of Proverbs to instruct us on the principles of godly wisdom in many areas of life. He has many things to say concerning the definition, acquisition, possession, and use of wealth. Christians are well advised to apply these principles in their own lives if they would please God. They will find, however, that in doing so they stand against the drift of modern evangelicals. One thing Solomon does in Proverbs is point out that many things in life are to be valued more highly than gold. This is a starting point for us to please God with our finances.

The believer is always to hold his possessions lightly knowing that moral and spiritual things are of greater value. In Solomon’s day they did not use money in the sense of our coins and bills that only represent value. They used precious metals as a medium of exchange. Gold was the standard for large business deals and government payments. But in God’s economy there are many things more precious than gold. Solomon calls on us to consider their true value in relation to the illusory value of “gold.”

Wisdom is the first of these. “Happy is the man who finds wisdom, and the man who gains understanding; for her proceeds are better than profits of silver and her gain than fine gold” (3:13-14).

God’s blessing is His favor bestowed on those who please Him. When God is pleased with us, it brings us spiritual, rather than material, richness. “The blessing of the Lord makes one rich, and He adds no sorrow with it” (10:22).

The fear of the Lord is our reverential awe of His holy character and perfect justice. It should influence every financial decision we make, whether we buy, sell, invest, or give. “Better is a little with the fear of the Lord, than great treasure with trouble” (15:16).

Righteousness is also more valuable than wealth. It is being morally right, fair, and just in all our dealings, so that we can hold our heads high knowing that even if things do not turn out as expected we have acted rightly. “In the house of the righteous there is much treasure” (15:6).

Integrity is a precious thing no amount of gold can outweigh. Integrity is becoming increasingly rare, even in the dealings of Christians with each other. Too many have adopted the ways of the world in which truth, time, and honesty are being twisted for the financial advantage of employers, employees, and investors. “Better is the poor who

Continued on page 2
walks in his integrity than one perverse in his ways, though he be rich” (28:6).

**Faithfulness** is more precious than gold. It means honoring our commitments, earning the confidence of those over us, and deserving praise for a job well done. They are faithful who stay with the task until the end. “A faithful man will abound with blessings, but he who hastens to be rich will not go unpunished” (28:20).

**A good name** is precious because it marks our reputation to those around us. Do people trust us because they know that we will never take unfair advantage of them, even when opportunity comes? Maintaining our good name, we will not stoop to use legal loopholes to get a step ahead. “A good name is to be chosen rather than great riches, loving favor rather than silver and gold” (22:1).

In the end when we stand at the Judgment Seat of Christ, our wealth or lack thereof will not be a measure of our acceptability. “Riches do not profit in the day of wrath, but righteousness delivers from death” (11:4). Let us therefore be careful to treasure those things which are of true value.

—Ken Fleming is faculty emeritus of Emmaus Bible College and an elder at Arbor Oaks Bible Chapel (Dubuque, Iowa).

**Probate In a Nutshell**

Our understanding of probate often is vague at best, or incorrectly shaped by things we see on television or hear in tales from friends and family. Although simple in concept and usually not difficult in practice, things can go wrong during probate, making the process more time consuming and more expensive than anticipated.

Probate is a court-supervised process in which a judge appoints someone to gather estate assets, ensure payment of creditors, and distribute remaining assets to heirs and beneficiaries. Surveys show that a normal probate without complication or contest takes about one year to complete and costs 3% to 8% of the estate’s total value. Complicating issues (e.g., problems valuing or selling assets, tax audits, or difficulty finding beneficiaries) or contests from heirs can add significant time to the process, and time is money!

A typical probate looks something like this:

- Jane Steward dies with a Last Will and Testament and the executor she named in her Will retains an attorney to probate the estate.
- The attorney prepares documents to admit the Will to probate, appoint the executor, and provide notice of the probate. If she dies without a Will, the process is almost identical, one difference being that the court selects an “administrator” rather than appointing an “executor.”
- Known heirs, beneficiaries, and creditors receive actual notice. Publication notice in a local newspaper’s classified section covers unknown claimants.
- Publication notice starts the “claims period,” which varies from state to state. It typically runs for two or three consecutive weeks, followed by a period normally between four to six months in which anyone with an interest in the estate may file a claim.
The executor prepares an estate inventory and files it with the court. This normally lists all assets and obligations of the estate, as well as the heirs and beneficiaries. In most states, probate documents are public documents, including the inventory.

Depending upon several factors, the executor may file one or more various tax returns. Usually an income tax return will be filed for the decedent’s last year of life plus an estate income tax return for each year the estate is open. In addition, federal estate tax, state estate tax, and inheritance tax returns may be required. If the decedent owned property in more than one state, each state may require its own duplicative proceedings and tax returns.

Finally, after filing all returns and reports, providing copies to the appropriate parties, and settling any objections or contests, the court enters an order approving the reports, sanctioning payments to creditors, directing final distribution of remaining assets, and closing the estate.

No doubt this sounds involved for a “simple” process. It is not the purpose of probate to make a speedy transfer to the next generation, but to protect the rights of creditors (and other interested parties) and to provide clear title to the decedent’s assets.

Occasionally probate may be desirable to have court supervision in settling issues with heirs or creditors; but that is the exception, not the rule. Simple ways exist to avoid probate while ensuring your assets get to intended beneficiaries. If you would like more information on probate and options for your estate plan, please contact us.

**Render Unto Caesar . . . Form 1099?**

Every year we receive questions from assembly and ministry leaders about filing IRS Form 1099. God’s Word clearly directs believers to be “subject to the governing authorities” (Romans 13:1) and to submit to “every ordinance of man” (1 Peter 2:13). In fact, we are to do so not only for our own sakes, but “for the Lord’s sake.” When we do not submit to the authorities in *every ordinance*, we bring shame rather than glory to our Savior’s name.

Proper biblical submission includes issues pertaining to taxes. In fact, taxes are central to the context of Romans 13. IRS rules subject nonprofit organizations (including religious organizations and churches) to the same reporting requirements as for-profit organizations. It behooves assembly and ministry leaders to lead by example and comply with *every* tax regulation to bring glory to the Lord, including proper completion of all required tax forms.

**IRS Form 1099 is not a difficult document to prepare and file. Some practical steps taken early can facilitate the filing process.**

**Probate is a court-supervised process in which a judge appoints someone to gather estate assets, ensure payment of creditors, and distribute remaining assets to heirs and beneficiaries.**
Form 1099 serves to inform the IRS of income paid to a taxpayer and to instruct the taxpayer how much to report on his or her tax return. Form 1099 has several variations, each designated by one or more letters following the number and preceded by a hyphen. For example, most of us are familiar with Form 1099-INT, which reports interest income from a bank or other payor. This article reviews Form 1099-MISC, which reports nonemployee compensation and other payments to “persons” (i.e., individuals or organizations, but excluding corporations) for which no other Form 1099 variant fits. We address when an assembly or organization must file Form 1099-MISC, the deadline for doing so, and the penalties for failing to obey this law.

Assume Anytown Bible Chapel (“ABC”) asks Jack F. Alltrades to oversee the general maintenance and upkeep of the chapel and grounds—not as an employee, but as an independent contractor. Assume also that ABC pays Jack a total of $1,000 in various installments throughout the year. Should ABC file a Form 1099-MISC? The answer in this case is clearly “yes.”

Payments to a nonemployee for services rendered (or simply because of a position he or she holds) are taxable income to the recipient. The form of payment does not nullify this rule, whether by cash, check, exchange of goods or services, or forgiveness of indebtedness. The law requires the payor to report such income on IRS Form 1099-MISC if the cumulative total for the year is $600 or more. Failure to do so violates the law and opens the payor to civil penalties. This applies if the recipient performed physical labor (as in our example), preached from a platform, or received the money simply because he or she is commended to the Lord’s work. Actual, direct services are not required to trigger the reporting requirement. If one receives money or other consideration “because of what he is doing” it constitutes taxable income.

Regulations require Form 1099-MISC to be mailed to the recipient on or before January 31 of the year following the year in which payments were made. Reporting to the IRS, however, must be completed on or before February 28 (unless you file electronically, making the deadline March 31). Besides complying with the law, sending Form 1099-MISC to the recipient by January 31 also allows the recipient opportunity to prepare his or her own income tax returns with the correct information in a timely manner.

Finally, failure to comply with the filing requirements for Form 1099 could subject your assembly or organization to civil penalties. If you fail to file the form with the correct information on time and cannot show reasonable cause for your failure, the IRS may assess a financial penalty of $15 per return filed correctly within 30 days of the deadline, $30 per return filed correctly after 30 days but by August 1, and $50 per return filed correctly after August 1 or not filed at all. Although these penalties may not seem very onerous, they add up quickly. Even worse, the money paid in penalties is the Lord’s money that could go to better uses, and failure to comply with the law is a poor testimony for the Lord Jesus Christ.

IRS Form 1099 is not a difficult document to prepare and file. Some practical steps taken early can facilitate the filing process. For example, gathering the social security number, address, and phone number of the recipient at the time of initial payment will obviate the need to chase after that information at filing time. If you have questions about preparing such forms for your assembly or ministry, we are here to help you. Please contact us if we can assist you in any way.
While most of us are not in the so-called “snow bird” category, we have many clients who do maintain residences in two states. If you are one of them, perhaps you have wondered which state is your primary residence. Put another way, which state is your “domicile”?

Generally stated, your domicile is your legal home. Black’s Law Dictionary says one’s domicile is “[t]hat place where a man has his true, fixed, and permanent home and principal establishment, and to which whenever he is absent he has the intention of returning.” So we see the old saying confirmed: “Home is where the heart is.”

Finding the answer to this question is not merely an academic exercise. Determining your domicile carries income tax consequences. For example, Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming have no state income tax. New Hampshire and Tennessee tax only dividend and interest income. If you reside in one of these states and in a state that taxes income, you may wish to establish the nontaxable state as your domicile.

Income tax is not the only consideration, however. Each state’s estate and inheritance taxes, as well as its probate requirements, should be considered before deciding where to establish your domicile. One may keep his or her domicile in an income tax state to avoid larger concerns related to death taxes and probate in another state.

Each state wants to claim you as its own resident for its census, tax, and other purposes. Although the concept and basic definition of domicile seem simple, there is no clear test to determine your state of domicile. Establishing domicile requires balancing various criteria, as they are considered by each state’s laws, and trying to discern your true intention. While the list of criteria varies from state to state, here are some widely accepted ones:

**Physical Presence.** Where do you spend your time throughout the year?

**Social Connections.** Where is your primary network of family and friends? Do you claim a dependant anyone domiciled in one state?

**Voting Practices.** Where do you register to vote and actually vote?

**Real Estate Ownership.** In which state do you own real estate? Do you claim a homestead credit in one state?

**Investment Location.** Do you keep bank accounts and other financial assets primarily in one state? Do you pay state income and personal property taxes in one state that would not be required of nonresidents? What address is on your income tax returns?

**Motor Vehicles.** Where are your automobiles registered and which state issued your driver’s license?

**Business Connection.** Do you operate a business from one state? Do you do most of your local purchasing in one state over the other?

**Civic Involvement.** Where is your primary church affiliation? Do you belong to any civic associations, clubs, or professional organizations in one state?

**Professional Services.** Where are most of your professional service providers (i.e., doctors, dentists, accountants, attorneys, etc.)?

Failure to give minor attention to the issue of domicile can have major adverse consequences for you or your heirs. You should know where you claim your domicile and what the effect of that choice is not only on income taxes, but also on death taxes and other post-mortem issues.
Bulletin Board

SPRING 2006 TESTIMONIALS

Gertrud Harlow writes: “Since becoming a widow I thank the Lord repeatedly for making available to me godly counsel and guidance as to how to use the funds He has committed to me for His glory and the blessing of His work and workers. The ministry of Believers Stewardship Services is in my prayers daily. I thank the Lord for making you such a blessing and encouragement to me once again in the things of the Lord!”

BSS presented a stewardship seminar at Warrenville Bible Chapel (Warrenville, Illinois) on January 29, 2006. Glen Tepe (an elder in the assembly) writes: “I found the seminar held at our assembly by Believers Stewardship Services to be very worthwhile. The part that was the most eye-opening to me was the legal component, and the steps that I need to take to make sure I am being the best steward of what Christ has given to me and my family. The BSS representative did a wonderful job explaining very difficult and complex topics, and I would recommend this type of seminar to other assemblies.”