



BELIEVERS STEWARDSHIP SERVICES

# BULLETIN

A PUBLICATION OF BELIEVERS STEWARDSHIP SERVICES, INC.

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David M. Allison, President

In this inaugural issue we want to impress upon our readers the necessity for correct planning. In order for it to be “correct” it must have a biblical foundation, and so each issue of this bulletin will have something from the Scriptures of Truth that will enable us to view our

assets from the Lord’s perspective.

Since no one person or organization has a corner on the Truth, we invite our readers to submit articles for publication that will encourage and exhort believers to think and act biblically.

Our experience to date has shown that uninformed planning leads to the loss of valuable resources to unnecessary taxes and probate costs, thereby leaving less for relatives and the Lord’s work. In addition, far too often much of what believers leave behind is unwisely spent by saved and unsaved relatives, or left to causes that do not promote the Lord’s work.

Our desire in our service for the Lord through Believers Stewardship Services is to promote an attitude of biblical stewardship in everything (time, talents, and accumulated assets). Each issue of this bulletin will be watered with our prayers.

An accounting day is coming! Matthew 25:19 

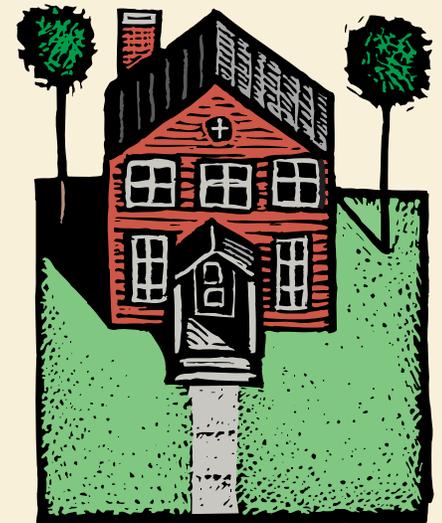
## Setting Your House in Order

BY DANIEL H. SMITH, ED.D.

*“Thus says the LORD: ‘Set your house in order...’”*

—Isaiah 38:1

The instruction of the prophet Isaiah to King Hezekiah to set his house in order prior to his death reminds us of a number of biblical statements about proper preparation for death. It appears that when individuals are aware that death is near, some of the most important things they do or say in life result. Think of David’s great Psalm 103 and his last words as recorded in II Samuel 23:1-7. Or consider Jacob’s final expressions of blessing on his family (Gen. 19:1-38; Heb. 11:21) and worship of his God. Reflect on Paul’s summary of his life: “I have fought the good fight, I have finished the course, I have kept the faith . . .” (II Timothy 4:7). A diligent student of Scripture could add to these.



*Continued on page 2*

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2250 Chaney Road, Dubuque, Iowa 52001-2913 • 888-338-7810

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Biblically, it appears that setting one's house in order involves primarily two dimensions. First, it involves an inventory of the past with its reflections and lessons regarding divine protection, guidance, and blessing. One's true character and values will surface at this critical stage of life! Second, anticipating one's soon departure from life, there is a systematic effort to arrange financial and situational matters according to his or her priorities, intentions, and devotions.

However, a study of the biographic sections of Scripture and our awareness of lives of people we have known leads to the sobering con-

clusion that a great many people do not know when their lives will end. Death comes with merciful suddenness. This is why prudent people live in readiness and keep their estates in readiness. It is rightly said that you are not really ready to live until you are ready to die.

Add to this the frequency with which people experience some kind of mental deterioration in later years, and you conclude that setting your house in order should come sooner rather than later—like now, if it is not already in order. And remember the wise old adage: “Do your givin’ while you’re livin’, then you’re knowin’ where it’s goin’.” 🌾

## Estate Planning in a Weak Economy

In 1999, the Boston College Social Welfare Research Institute released a report entitled “Millionaires and the Millennium: Prospects for Wealth Transfer and A Golden Age of Philanthropy.” It estimated at least \$41 trillion will pass through estates by 2050. With recent economic downturns, however, many questioned the continuing validity of that figure. The report's authors recently reviewed their findings and confirmed the figure, noting it actually was the lowest of three possible scenarios projected in the original study. Thus, even with the recent recession, unprecedented wealth will be transferred by this generation to the next.

Although tax avoidance and increasing asset values are important motivators for proper estate planning, they should not be the only motivators for Christians desiring to be good stewards. Nonetheless, even for those motivated primarily (or exclusive-

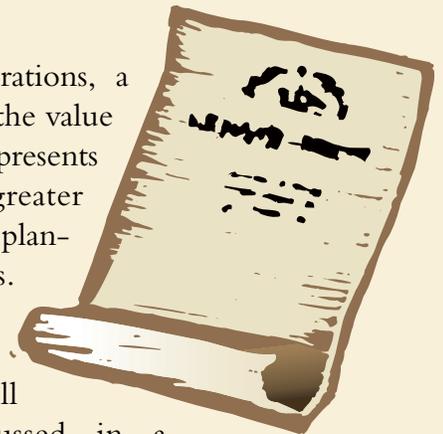
ly) by such considerations, a temporary decline in the value of an asset actually presents opportunities for greater leverage out of some planning techniques.

Specific examples of this unexpected benefit will

be discussed in a future issue of this newsletter.

Since many think of estate planning primarily as a means of wealth transfer, they may assume a weak economy, with the usual declines in asset values, indicates the need for estate planning has declined with the markets. In reality, however, several reasons remain unaffected by the economy to conclude that a proper, biblical understanding of sound stewardship requires planning regardless of economic conditions.

*“Several reasons remain... to conclude that... sound stewardship requires planning regardless of economic conditions.”*



One motivator unaffected by economic fluctuations is planning for proper care of children and crafting a prudent method of distributing assets to the next generation. If you take no steps to indicate your wish for a guardian of minor children, it will be decided by a judge. Spiritual issues almost certainly will not enter into the decision, and your children may end up in the care of someone hostile to the faith you so diligently taught them!

Additionally, whether they are adults or minors, you should carefully consider how much is enough to leave to children and what timing and manner is the best way to pass those assets to them. *Many inheritances are squandered or lost to creditors because godly parents do not take the time to plan properly for passing assets to children.*

Economic fluctuations also have no effect on the usefulness of a revocable trust. Contrary to popular misconception, avoiding taxes is *not* a reason to establish a revocable living trust. Revocable living trusts provide no income, estate, or other tax benefits to the grantor! It is the structure of an estate plan that determines its estate tax burden, and the same structure can be obtained with or without a revocable trust.

Avoiding probate of your estate at death and avoiding the expense and aggravation of a

guardianship in the event of disability are the two primary reasons to establish a revocable living trust. In general, neither of these reasons will be affected by economic conditions. The fact remains that the estates of most single people (including the survivor of a married couple) will

require probate if proper planning steps are not taken. The fact also remains that probating an estate can easily consume 3%-5% (or more) of an estate's value, which may be avoided with proper planning. "Proper planning" for you may include a revocable living trust; but that should be determined by seeking advice from someone well versed in estate planning.

Finally, if you or your spouse become incompetent or legally disabled, you may require a court-supervised guardianship. Sometimes

referred to as "living probate," this is a court proceeding where a judge determines incompetency and appoints a guardian to look after your interests. Not only is it humiliating for the person being found incompetent, but the guardian must file regular reports with the court, requiring more time and money! Proper estate planning can reduce your chances of needing a guardianship, and this issue also remains regardless of economic conditions. 📌

*"Many inheritances are squandered... because godly parents do not take the time to plan properly for passing assets to children"*

## Making Capital Gains Taxes Optional

**A**re you thinking of selling your home, a vacation property, a vacant lot, or some other piece of real estate? Do you plan to liquidate some appreciated stocks or bonds? Has the time come to sell that business you have built over the years with your hard work? Whether

real estate, securities, or some other appreciated asset, if you have owned the asset for more than a year and the value is higher than your cost, you may end up owing significant taxes on the capital gain. To avoid these taxes, you may want to consider placing the property into a charitable

## SOME BENEFITS OF A CRT

- ✓ No capital gains taxes
- ✓ More net proceeds to invest
- ✓ Larger income stream
- ✓ Charitable deduction against current income
- ✓ No estate taxes on assets transferred to trust
- ✓ Benefits you and your favorite charity

remainder trust (“CRT”) prior to selling it.

Here’s why: The trustee can sell the appreciated property without paying taxes on the capital gain. The entire amount of the proceeds, minus selling costs, can then be invested to provide an income stream to one or more income beneficiaries named in the trust document. The income stream can last for a specified term of years, for the lifetime of one beneficiary, or for the joint lifetimes of more than one beneficiary (such as a married couple). At the end of the trust term (normally upon the death of the income recipient) whatever is left will be distributed to one or more charities specified in the trust document.

If you sell your property yourself, as much as one-third of the net proceeds could be lost to capital gains taxes. With a CRT, the full amount of the net proceeds is available for investment and earning income. Think of the extra income this could mean to you during your lifetime!

Because the trust is irrevocable and the remainder eventually goes to charity, you receive

an immediate income tax deduction for at least 10% of the current fair market value of the assets put into the trust. If you cannot use all of the deduction the first year, the government allows you up to five additional years.

A CRT allows you to make a deferred gift now to the charity or charities of your choice and yet retain an income stream to help you through your retirement years.

Depending upon your family circumstances, this income stream may even be available to your children to assist with special needs or to supplement their retirement incomes.

In addition to providing a larger income stream, avoiding capital gains taxes, and receiving a current income tax deduction, the use of a CRT effectively removes any asset placed in the

trust from your estate. Thus, if you have an estate that will be subject to federal or state estate taxes, a CRT will continue yielding tax savings even after you are absent from the body and present with the Lord, leaving behind you a legacy of good stewardship for the CRT assets.

There are other benefits as well. To learn more about the benefits and uses of a charitable remainder trust, with no cost or

obligation, contact our office. We can provide you with practical, understandable information, including tailor-made illustrations. We are also available to discuss these ideas with your attorney or other planning advisor. 

*“If you sell your property yourself, as much as one-third of the net proceeds could be lost to capital gains taxes.”*

# Feedback

Eva M. Rummell writes: *“Believers Stewardship Services has been a very valuable help to me in explaining different aspects of estate planning, with which I was totally unfamiliar. My questions were patiently answered, and my own decisions accepted without any hint of influence or suggestion. I felt completely confident of receiving knowledgeable advice, and am very grateful that such services are provided for Christians who wish to make wise investment of resources the Lord has given them.”*



David and Ann Rodgers write: *“It was important to us to find a way to manage our limited resources in a way that would honor the Lord. After working with Believers Stewardship Services for several years we are impressed with their expertise and their trustworthiness. They have enabled us not only to leave an inheritance for our children and grandchildren, but also share generously in the work of the Lord through a Charitable Gift Annuity. We are very thankful for David Allison and his associates.”*



## OUR MISSION

Believers Stewardship Services is a ministry designed to glorify God by helping Christians accomplish their financial and estate planning goals in fulfilling biblical stewardship.

*“Honour the Lord with thy substance, and with the firstfruits of thine increase....”*

—PROVERBS 3:9 (KJV)



## OUR STAFF

President ..... David M. Allison  
General Counsel ..... William R. Gustoff  
Trust Officer ..... Andrew C. Tuecke  
Administrative Assistant ..... Lorraine Allison

**NOTICE:** The estate planning and financial counseling services of Believers Stewardship Services, Inc. are provided without charge or obligation. Nothing in this publication should be taken or relied upon as legal or investment advice. Such advice should be provided only by competent professionals based upon the specific facts and information involved in each case. For additional information, please contact our office.



## I Am Interested in Christian Stewardship!

**I WOULD LIKE MORE INFORMATION ABOUT:**

- CHRISTIAN WILLS
- REVOCABLE LIVING TRUSTS
- DEPOSIT AGREEMENTS
- LIFE INSURANCE TRUSTS
- GIFT ANNUITIES
- CHARITABLE REMAINDER TRUSTS
- BUSINESS SUCCESSION PLANNING
- USING A DONOR ADVISED FUND
- AVOIDING DEATH TAXES
- AVOIDING PROBATE
- EDUCATIONAL PRESENTATIONS OR MATERIALS FOR MY ORGANIZATION
- OTHER \_\_\_\_\_

**I WANT TO PROMOTE THE LORD'S WORK IN:**

- FOREIGN MISSIONS
- INNER CITY MISSIONS
- MY LOCAL CHRISTIAN ASSEMBLY
- RETIREMENT LIVING CENTERS
- BIBLE CAMPS
- CHRISTIAN EDUCATION
- REHABILITATION CENTERS
- PRISON AND JAIL MINISTRIES
- EVANGELISM
- OTHER \_\_\_\_\_

**MY CONTACT INFORMATION:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

**PREFERRED METHOD OF CONTACT:**

- Regular Mail
- E-mail
- Telephone
- No Preference