



Daniel H. Smith

A Perspective of Giving

BY DANIEL H. SMITH, ED.D.

“And since we have gifts that differ according to the grace given to us, let each exercise them accordingly . . . he who gives with liberality. . . .” Romans 12:6, 8

I like to think that I have missed something, for of the many Christians I have known, only one has specifically claimed to have the gift of giving. By the time I came to know him he had matured far beyond tithing (i.e., giving one-tenth of his income). He joyfully and humbly gave over half of his income to the Lord’s work. I use the past tense in this statement because he is now in glory with our Lord. By observing his uncommon commitment to serve Christ and through discussions with him about Scripture, I learned some vital lessons about Christian stewardship. Let me mention two of these lessons.

First, all of our conduct and all exercise of spiritual gifts should be an expression of our doctrinal commitment. We know that our conduct or lifestyle may be contrary to sound doctrine (1 Timothy 1:10). We know that every aspect of our lives and conduct should be in keeping with the revealed truth of God in Scripture. Even slaves were to “adorn the doctrine of God our Savior in every respect” by their conduct (1 Timothy 2:18). Certainly, then, our financial stewardship should

be the same. We ought to give what resources we have to those works and workers with whom we agree in doctrinal position and teaching.

This means gently dismissing appeals and opportunities for giving when we do not know or cannot ratify the doctrinal position of those who ask—maybe even dismissing appeals because they dishonor the Lord by begging! Our stewardship in financial matters ought to be in keeping with our doctrinal commitments.

A second lesson has to do with a biblically adequate perspective of stewardship. To think merely of money is inadequate; that is, money is only one dimension of stewardship. In his self-disclosing statement to the Corinthians about his own stewardship commitment, the apostle Paul spoke of being a steward “of the mysteries of God.” This included not only the gospel and New Testament church truth, but also an attitude of love and humility toward fellow believers (1 Corinthians 4:7). Speaking to the Ephesians (5:16) he also included a diligent use of our time for the glory of Christ.

The point is this: Financial giving as an expression of biblical stewardship does not



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stand alone. It is a part of a Christ-like life, and it is vitally related to our attitudes and priorities. It is *not* giving as a grudging response to

external compulsion that delights the heart of God (2 Corinthians 9:7). God loves a cheerful giver. 🌿

Child Friendly Charitable Planning

Many planning techniques for charitable giving in an estate plan also minimize or eliminate adverse financial effects on other beneficiaries. Some of these must be commenced during lifetime with sufficient time to implement the plans fully. Other techniques, however, will be part of your estate planning that take effect only upon your death. One such concept is ensuring items IRS calls “income in respect of a decedent” are used to fulfill any charitable bequests.

Income in respect of a decedent (“IRD”) is gross income the decedent had a right to receive that will not be included in the decedent’s final tax return. In other words, any item of income that would have been taxable as ordinary income if received by the decedent prior to death will be IRD taxable to the beneficiary. Some common IRD items are: (1) Traditional IRAs and tax-qualified retirement plans; (2) accrued interest or dividends not paid before death; and (3) salaries, bonuses, commissions, vacation pay, and sick pay accrued but not paid before death.

Assume John Steward withdrew \$100,000 from his traditional IRA yesterday then died today. His executor will file a final income tax return for John claiming that \$100,000 as taxable income. If instead John died with that \$100,000 still in his IRA, then the cash will instead be taxable income to the beneficiary who receives it. If John’s son Jim receives that \$100,000 from the IRA following John’s death, then Jim will claim it as taxable income in the year he receives it, payable at Jim’s top marginal tax rate. If Jim’s combined federal and state tax rate is 30%, then Jim will keep only \$70,000 after income taxes. Jim may be able to mitigate the tax effect if he elects to

take payments from the IRA over his lifetime, but we assume a constant 30% total tax rate for illustration purposes.

Let us now assume that John Steward has an estate comprised of only two assets—stock worth \$100,000 and his \$100,000 IRA. Let us further assume John desires to give half of his estate to his son Jim and the other half to a Christian charity (e.g., his local assembly, a Bible camp, a Christian educational institution, missions organization, etc.). One option would be to leave 50% of each asset to Jim and the charity. This may seem logical, but it actually does a great disservice to Jim. Although an individual may be taxed on IRD items, a qualified charity will not owe tax due to its tax-exempt status. There is a second option that is a much better choice in this example—leaving 100% of the IRA to the charity and 100% of the stock to Jim.

Figure 1 illustrates the difference in tax consequences between the two options. As you can see, *it is not the charity that benefits from this particular planning technique, but the child*. The charity would end up with \$100,000 under either option. Jim, however, is \$15,000 better off as a result of this simple, prudent planning technique.

Believers Stewardship Services, Inc. is here to help Christians with stewardship questions, including simple tax savings ideas like this one. If we can assist you, your assembly, or your ministry, please contact us. 🌿

Figure 1

	OPTION 1		OPTION 2	
	Jim Steward	Charity	Jim Steward	Charity
IRA AMOUNT RECEIVED	\$50,000	\$50,000	\$0	\$100,000
STOCK AMOUNT RECEIVED	\$50,000	\$50,000	\$100,000	\$0
INCOME TAX PAYABLE	\$15,000	\$0	\$0	\$0
TOTAL RETAINED	\$85,000	\$100,000	\$100,000	\$100,000

Just What is it You do Again?

Part One

One of our greatest challenges is bringing people to an understanding of who we are and what we do. Telling you that Believers Stewardship Services, Inc. (“BSS”) is a Trust Service conveys little about our ministry if you do not know what a Trust Service does. Several questions commonly posed by well-intentioned saints illustrate some misconceptions about our ministry. This article addresses some of those questions to explain just what we do for the assemblies and those in fellowship with them.

✓ Don’t you raise money for Charity?

In short, no, we don’t! BSS is *not* a fundraising organization. Like George Müller, Hudson Taylor, and others, we follow the adage that “the Lord’s work done in the Lord’s way will not lack the Lord’s provision.” Although we rely on the Lord’s provision through His people, we have a nonsolicitation policy applicable not only to efforts on our own behalf, but also to our efforts to assist assemblies and other ministries. We do teach biblical principles of giving as part of good stewardship, including the need to give generously, sacrificially, and from the first-fruits of our income. How much and where one gives, however, is a matter between that person and the Lord.

✓ May our organization apply to you for a grant?

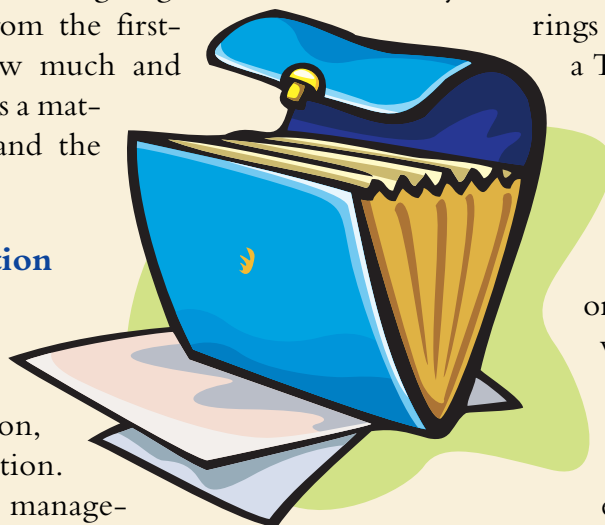
As our name indicates, BSS is a service organization, not a grant-making institution. We do accept funds for management, but we hold them in a fiduciary capacity on behalf of charitable trusts, assemblies, and other Christian ministries. Any grants

we do make come from our donor advised Believers Fund. In a Believers Fund account an individual or organization may place assets under our management to be distributed at a later date. Distributions will be made per the donor’s recommendations, subject to approval by the BSS board of directors.

Regardless of how much the Lord entrusts to your stewardship, you will be accountable to Him, and we are here to assist you in being a good and faithful servant.

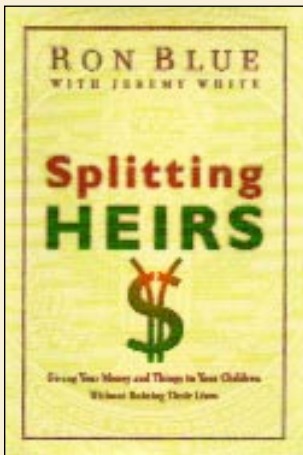
✓ Don’t you handle money just for rich Christians?

Since virtually everyone in this country is rich by the world’s standards, this statement rings with truth. Our mission as a Trust Service, however, is to help believers of all means in their walk of stewardship in this lifetime. This may take the form of financial counseling, advice on estate planning, or design work for charitable planning in the most tax-efficient manner possible. Regardless of how much the Lord entrusts to your stewardship, you will be accountable to Him, and we are here to assist you in being a good and faithful servant. 📖



A Book Review

Splitting Heirs By Ron Blue



Ron Blue's latest book (written with Jeremy White) addresses a sensitive topic when it comes to handling wealth and assets. The cover's subtitle, "Giving Your Money and Things to Your Children Without Ruining Their Lives," sums up the

book's main thrust. Written in a straightforward layman's style, Mr. Blue challenges Christians to think of leaving an inheritance as a spiritual process. Mr. Blue takes a wealth transfer approach to the issue versus a traditional estate planning, tools-driven approach.

By his own admission, this book represents an evolution in Mr. Blue's thinking on the topic. In chapter three, Mr. Blue shares how he and Dr. James Dobson had an ongoing friendly debate on the subject of leaving significant wealth to children. His experience over the years, however, wrought a change in Mr. Blue's opinion on the subject. The final product is this book urging a deliberative process to determine the proper amounts and best methods for leaving assets to heirs rather than the typical default of leaving everything to children equally.


This book is *not* about disinheriting children or fundraising for ministries. Indeed, following the deliberative process he outlines may lead one to conclude the best decision is giving his or her entire estate to children. The "Wealth Transfer Decision-Making Process" outlined by Mr. Blue, consisting of six decision-making steps and several underlying principles, is a valuable contribution to the process of estate planning for thoughtful Christian stewards. From our perspective, one of the decision-making steps merits further comment in this article—the "Treatment Decision" (i.e., how much to give).

Underlying the Treatment Decision is the "Uniqueness Principle," which Mr. Blue states as

"love your children equally and as such treat them uniquely." Factors he urges one to consider include age, gender, temperament, demonstrated fiscal ability, spiritual commitment and maturity, marriage partners, and the heir's own children. In making decisions of how much we give to children, Mr. Blue reminds us that we are stewards of God's resources, not our children's resources, and that our accountability for that stewardship is to the Lord, not to our children. He suggests the following questions to help balance competing demands on our consciences and our resources:

- What is the worst (or best) thing that can happen if I transfer wealth to my child?
- How serious is it?
- How likely is it to occur?

"It is a parent's and grandparent's responsibility," says Mr. Blue, "to entrust God's resources to children only if they have demonstrated the ability to handle those resources in a manner that would be pleasing to Him who is owner of all." The process outlined by Mr. Blue will help greatly in sorting through these difficult issues.

Mr. Blue is to be commended for his work on this book and its contribution to the issues of stewardship. I recommend *Splitting Heirs* as excellent background reading for anyone who desires to incorporate sound, biblically based principles into his or her stewardship and estate planning. The book is a challenging one, not in style or technicality of subject matter, but in stretching the reader to look at wealth transfer issues in ways that might not otherwise be encouraged. In addition, if one seeks professional advice on estate planning after walking through the process outlined in this book, it cannot help but make the process more efficient and, as a result, less expensive. That is practical stewardship we can all appreciate. 

Feedback



Jack and Del Dunn write:
“Over the past 16 years our Lord has directed and enabled us to obtain an occasional charitable gift annuity, first through Emmaus Trust Services and more recently

through Believers Stewardship Services. We have faithfully received our payout each quarter of the year and we have the joy of knowing that the funds will ultimately benefit the Lord’s work. We also appreciate the assistance and advice received in preparing our income tax and also that of many of our friends here at Park of the Palms.”

Countryside Bible Chapel (Stratford, Iowa) invited BSS for a stewardship seminar on June 5, 2004. William Moore (a commended worker at the assembly)

writes:

“This seminar was valued by all who attended. We appreciated that it was tailored to the needs of the group. Our young couples valued hearing a biblical perspective for financial planning. The second part of the presentation addressed estate planning for Christians. One impact of the event was raising awareness of the need to set one’s financial house in order to God’s glory. We invited BSS back this fall to help with follow up and planning work. I highly recommend this service to other assemblies.”



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)



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