



# LEGACY GIFTING OPPORTUNITIES



**COVENANT**  
CHURCH of NAPLES | PCA

“ But who am I, and  
what is my people, that  
we should be able thus  
to offer willingly?  
For all things come from  
you, and of your own  
have we given you. ”

1 Chronicles 29:14

# Should I consider a Legacy Gift?

It is commonly thought that such topics as Estate Planning and Legacy Gifting are relevant only to the very wealthy. In fact, these topics apply to all of us: Being a good steward of the resources with which God has blessed us includes prayerful, thoughtful planning of what should become of those material blessings after God has called us home.

In any estate plan, certainly there is the need to make appropriate provisions for family and others who remain dependent upon those assets for their support, and there is a place for gifts to other loved ones an individual would like to recognize. In addition, you might also consider gifts to the various ministries and causes that are important to you now, helping to ensure their continued success in future years.

King David came to understand this. In 1 Chronicles 22, 28 and 29 we read that much as he wanted to build the temple, God told him that role would fall to his son Solomon, the next generation. Accepting that, King David then went to great lengths to prepare his son and the people and to provide for that great effort: "With all my resources I have provided for the temple of my God..." (1 Chron 29:2). And, praying to God "But who am I, and who are my people, that we should be able to give as generously as this? Everything comes from you, and we have given you only what comes from your hand." (1 Chron 29:14)

We ask that you prayerfully consider whether such a bequest gift for the future generations at Covenant Church might be appropriate in your planning.

Such gifts can take a variety of forms, and need not be complicated or difficult to implement. Without necessarily having to change your will or other estate documents, you can simply:

- Revise the registration of a bank account to include a Payable on Death (Or Transfer on Death) provision, naming Covenant as the recipient
- Name Covenant as the beneficiary (full or partial) of a no longer needed IRA or 401(k) savings plan. This might be especially attractive, as these accounts are heavily taxed if left to heirs.
- Make Covenant the beneficiary (full or partial) of an existing life insurance policy if your family no longer needs the benefit.
- If you utilize a donor-advised fund for your charitable giving, you could introduce a provision to recommend a gift be made to Covenant at your passing.

Within a will or a trust, a provision can be added, specifying a donation from the estate at the passing of the donor.

For larger or more complicated estates, a wide variety of established methods exist to make bequests, many of which provide immediate tax benefits and even a lifetime annuity for the donor. These get well beyond the scope of this note, but are simple work for estate lawyers and tax accountants.

# How would a Legacy Gift to Covenant be applied?

Legacy gifts may be designated by the donor to any combination of the following funds:

**A. Covenant's General Fund:** Use of proceeds is unrestricted, and determined by the Governing Commission for use in current operations and/or contemplated future expenditures;

**B. Capital Fund:** Proceeds are restricted in use to expansion, repurposing, or renovation of Covenant's land and buildings, or to retire debt taken on in any of these project areas;

**C. Scholarship Fund:** Funds are restricted in use to tuition and fee expenses incurred by the staff of Covenant in pursuit of Christian education for their children;

**D. Adoption Fund:** Funds are restricted in use to expenses incurred by Covenant families in pursuing adoption of infant and adolescent children;

**E. Missions Fund:** Funds are moved under the direction of the Missions Committee, in furtherance of their initiatives locally and around the globe;

**F.** On an exception basis, a bequest may be made to fund another purpose of importance to the donor, but only in keeping with Covenant's Vision and Mission, as agreed by the Governing Commission.

## Upon receipt of a Legacy gift, Covenant would apply the proceeds pursuant to the following criteria:

- If the gift was designated to one or more of the Funds then currently in place and supported by Covenant, it would be applied as specified by the donor;
- If the gift was earmarked for a fund or cause that Covenant did not support at the time of receipt, then Covenant would contact the executor of the estate from which it came to ascertain whether a re-designation was possible; if not, the gift would be returned.
- If the gift was received with no fund designation indicated, the Governing Commission would apply the gift in accordance with the following:
  - If the General Fund was experiencing a shortfall relative to Budget or Planned Expenditures, the Governing Commission would be allowed to apply as much as 25% of the gift, but in no case more than \$50,000, toward that shortfall.
  - The balance would be applied across the other designated fund categories then approved and supported by Covenant, in a mix determined by the Governing Commission.

# Who do I tell about a Legacy Gift I want to make?

A Legacy Gift is something that is formally established by a donor, in consultation with his or her family members or any other legal or tax advisor the donor consults. If it entails naming Covenant as a named beneficiary of an insurance policy, IRA, or other financial instrument, the designation is made with the relevant financial institution. If the Legacy Gift is to be made from the estate assets in general, the gift should be specifically provided for in the donor's will or estate documents so the executor of the estate knows of the donor's wishes.

Whether Covenant is informed of the donor's intent or not is entirely the prerogative of the donor. There is no requirement to disclose at the time provisions for the gift are put into place. However, if the donor has very specific preferences as to how the proceeds of that gift are to be applied that are outside of the guidelines enumerated above, it would be best to have a conversation with John Hunter, Executive Director.

The legal name of the church is Covenant Church Naples, and we are a tax-exempt organization with a Tax ID number of 59-1098689.



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