

Securing the Future of UUCS



“If you have built castles in the air, your work need not be lost; that is where they should be. Now put the foundations under them.”

-- Henry David Thoreau

Thoreau’s quotation helped us to build our church – our castle – in 1997. We did put foundations under our castles in the air. And our predecessors before then prepared the ground for the 1997 achievements.

We too have opportunities to build a congregation prepared for the future, with a foundation that will enable future generations to fulfill their dreams, meet their challenges, and yes, *live* in the castle.

We live in the castle whose foundation was built by our predecessors years ago. What will be our legacy? We have the opportunity to leave a stronger base for our Congregation’s future. Future generations will be grateful for our foresight. This booklet shows a number of ways you can be a key participant in that strengthening.

What will be *your* legacy?

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Churchmouse artwork by Victoria Scales

What is a legacy? It is what we leave behind when our days on this earth are over. It is those whom we have influenced; it is the ways we have made a positive difference; and it is how we have left this world a better place.

As a member of UUCS you have helped build and maintain a church that is accepting of many religious beliefs, that welcomes people of diverse backgrounds and sexual orientations, and believes that social justice for one is social justice for us all. This is your church and your opportunity to ensure that what it represents can continue long after you are gone. In short, it can be an important and treasured part of your legacy. You can do this by helping to build the UUCS Endowment Fund.

What is our endowment fund? It is the financial foundation of the church. It is what will allow us to exist for many, many years to come. It does this in two ways. The income from investing the fund can be used yearly to both augment the operating budget and for special projects. But more importantly it is our security blanket should there be any kind of financial emergency which threatens the existence of our church.

There are several ways to contribute; we can help you find ways that not only help UUCS but also are financially advantageous to you. And by becoming a legacy member, your name will be placed on a plaque in the church so that years from now, others know will know you made a difference in keeping UUCS a strong and positive part of the Salem community.

Funds for the Future

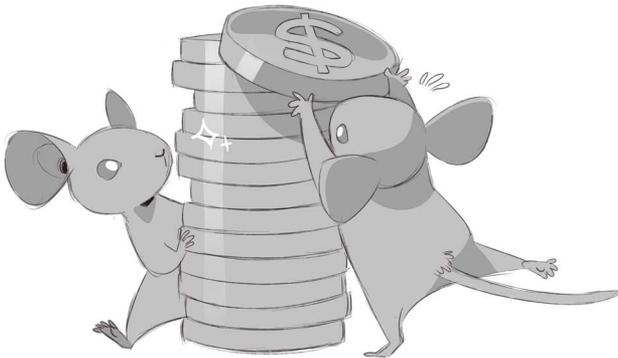
While this discussion has focused on building the Endowment for the long-term security of the congregation, you should be aware that there are, as well, other important funds that can provide for future needs. Together, these ensure that future generations will share in this beloved community, and you may want to consider one of these approaches for all or part of your donation for the future.

The **Endowment Fund** is our financial legacy aimed at providing security and support into the future. Income from investments may be used for year-to-year church operations. Its principal can be used for an emergency need upon *two* votes by the Congregation. The Endowment Fund currently stands at slightly over \$100,000, but much more is needed for security and meaningful return.

Memorial Funds are built from bequests, and are often designated for specific purposes. The Board of Directors may tap all or part of a Memorial Fund for projects outside our Operating Fund budget that meet the provisions of the bequests or gifts.

Reserve Funds are created for anticipated future needs; examples are Music Reserve, Maintenance Reserve, and Emergency Reserve. A healthy Maintenance Reserve would be maybe \$200,000; ours now is much less. A healthy Emergency Reserve would also be around \$200,000; ours is now much less. The Music Reserve is a healthy \$44,000 as a result of a bequest from Cathie Olcott. (Is that a hint? Yes, and not very subtle!)

You can make gifts to any of these funds. The Endowment Fund is the most future-oriented and the most permanent. The fewer strings attached to your gift, the more flexible it becomes and therefore the more able to fulfill a need at some future time.



Make a gift now or at the end of life?

The first question is whether you can and want to make a legacy gift to UUCS now or make an end-of-life gift – or, of course, do both. With either choice it is important that legacy gifts in this campaign be in addition to payments on pledges to the Operating Fund; we must not grow our endowment or other funds at the expense of our regular programs!

A lot of thought goes into that decision. While “you” is used here for convenience, couples most likely will be making this decision together.

If you make a gift now, you will be able to see the effect. You can also take satisfaction in the endowment or other fund being better equipped to provide for the future of the Congregation. You may help guide the project that you are helping to fund. Your gift will be recognized.

But you may need to conserve your resources for your support and for your loved ones during your lifetime. Understandably, providing for a surviving spouse or partner is paramount. An end-of-life gift may suit your needs better.

Either can establish your legacy to UUCS, and will be appreciated by future generations. There are options within either approach; we will lay out some of them in the following pages.

Making a Gift Now!

A gift now will be much appreciated. You can specify the Endowment Fund or a Reserve Fund such as the Maintenance Reserve or Emergency Reserve. If you feel strongly that you want to support some particular aspect of the Congregation's future, you can specify that. Your gift will be appropriately recognized.

This kind of contribution can be as simple as writing a check to UUUCS, with a note specifying the intended use of your gift. Your gift will be tax-deductible. If you give appreciated securities, you avoid capital gain taxes on the gain you would have had on the sale of the securities. See the discussion starting on page 12 about tax advantages of giving from a retirement account if that is a possibility for you.



George and Elsa Struble gave \$20,000 to the Endowment Fund a few years ago: "UUUCS has been a central part of our lives. We care about the future of our congregation." They specified that the income from that \$20,000 should be used for building maintenance.

Charitable Gift Annuity: Eat your Cake and Have it, Too

Would you like to make a gift now but need the income? A Charitable Gift Annuity (CGA) is made for you. You make a gift now, which is invested by a custodian. The custodian pays you income – usually quarterly – at a rate that depends on your age at the time of the gift. This is the annuity part. That income is guaranteed for the rest of your life. When you die, the remainder in the fund is released to your beneficiary– in this case, UUUCS. In addition, you get a tax deduction at the time of your gift, of some percentage – maybe almost half – of your gift.

The annuity is at a rate probably much higher than you could get from your own investments. For example, if you set up a CGA at age 65, your annuity is 4.7% of your gift. At age 75, it's 5.8%. (These rates change slightly from time to time.) And more than half of that income is tax-exempt.



UUCS is not in a position to be custodian of a CGA. The UUA provides this service to its congregations. You set up the CGA with the Planned Giving Office of the UUA, naming UUCS as the beneficiary. The UUA pays you the guaranteed income for the rest of your life. Upon your death, most of the remainder of your gift is paid to UUCS. The UUA asks for compensation for managing the account and taking the risk that it might have to continue to pay you after your account has been used up by payments to you after your long life. The UUA asks for 25%; this is not a required percentage.

There are additional options within the Charitable Gift Annuity framework. For example, you could list two people – with right of survivorship – to receive the income, with a lowering of the annual income amount. Another option is to fund the annuity from appreciated securities.

We can help set up the CGA.

A member who contributed to a UUA fund like a Charitable Gift Annuity, 95% of whose proceeds will come to UUCS: “We needed UUCS, and it was here for us. We have felt great satisfaction in helping our Congregation grow and meet needs of our members and the community. Our members need UUCS. Salem needs UUCS. We feel good that we can help our congregation meet those needs when we are no longer here to do it ourselves.”

End-of-life Gift: a Bequest

You can include in your will a provision that some portion of your estate – either a fixed amount or a percentage – will be distributed to UUCS after you or your survivor die. To make or modify a will usually requires the services of an attorney.

If your assets are mainly in a trust, you can make UUCS the beneficiary – again, of either a fixed amount or a percentage – of the total or some designated portion of your trust. To change the beneficiaries in your trust may also require an attorney.

It's also possible to list UUCS as the beneficiary – again, of a fixed amount or a percentage – of a life insurance policy, a retirement account, a brokerage account, or similar assets whose custodians/administrators maintain beneficiary designations. In some cases, a “Payment on Death” form is used. Changing these types of accounts typically does not require an attorney although it is advisable to consult an attorney or other advisor in your estate planning.

See page12 for a discussion of tax advantages of making your end-of-life gift from a retirement account

A member who made a provision for UUCS in 2020 wrote: My brother used to tell me to put my money where my mouth is. So if I am going to claim I am a UU, then I have to support it. I hope that by the time I die there will be money in my estate to pay UU a percentage of it.

Contingent Beneficiaries

Suppose you have a sister who is in a precarious state, and will leave a bequest for her in your will or trust. If you outlive your sister, maybe the bequest that would have gone to her could be redirected to UUCS. You could name your sister as the primary beneficiary and UUCS as a contingent beneficiary.

There may be other situations too in which UUCS as a contingent beneficiary makes sense.

As we said earlier, distributions to a contingent beneficiary can be a portion – fixed amount or percentage – of the estate, trust, retirement account, or other asset.



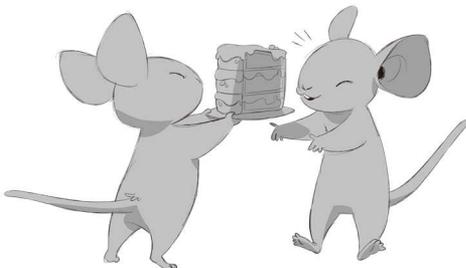
Making Your Gift from a Retirement Account:

Let the IRS Pay Some of Your Contribution (the State of Oregon too)!

There can be advantages to making your end-of-life gift from a retirement account. If you have a traditional IRA, or other kinds of retirement accounts, your estate will pay *income tax* – federal and state – on the value of that account on your death. After all, this is why those are called “tax deferred” accounts! This has nothing to do with estate or inheritance taxes; only large estates pay those now. But anything in a tax-deferred retirement account is taxable at your death. (Exception: if the retirement account is paid to your heirs as an annuity, taxes are deducted from each payment, not paid as a lump sum.)

But whatever portion of that retirement account goes to UUCS is *exempt from income tax*.

[To make UUCS the beneficiary of a retirement account, you may need to supply UUCS’s EIN: 93-0594534.]



An example: Suppose that when you die, you have a retirement account of \$60,000 which would be paid to your estate. And suppose you wanted to leave \$20,000 to UUCS. For easy arithmetic, let's suppose that your federal income tax bracket is 20%. You would also be in the 9% Oregon income tax bracket.

If your retirement account is cashed in and your will leaves \$20,000 to UUCS, the amount available to your heirs is as follows:

Amount from your retirement account	\$60,000
Federal income tax: 20% of \$60,000	- 12,000
Oregon income tax: 9% of \$60,000	- 5,400
Bequest to UUCS	- <u>20,000</u>
Net amount to your heirs	22,600

However, if the UUCS bequest is paid directly from your retirement account, the amount available to your heirs is as follows:

Amount from your retirement account	\$60,000
Bequest to UUCS	- 20,000
Federal income tax: 20% of \$40,000	- 8,000
Oregon income tax: 9% of \$40,000	- <u>3,600</u>
Net amount to your heirs	28,400

Doesn't that warm your heart?

One of the advantages of setting a gift from a retirement account is that it is simple to do, and does not require an attorney. All you need to do is tell the custodian of your retirement account how much of the account you would like to go to UUCS as a beneficiary. It could be listed either as a fixed amount or as a percentage of the account value.

There can be similar advantages to making current gifts from your retirement accounts – provided you are over age 59 ½ so there is no withdrawal penalty. At least one Congregation member pays their pledge from a retirement account; that reduces their tax bill without having to itemize deductions. This can be especially valuable if you are over age 72 and are therefore required to take a minimum distribution. A contribution to UUCS counts toward the minimum distribution but is not counted as part of your Adjusted Gross Income



*One member who made UUCS the sole beneficiary of her IRA:
"We have appreciated our involvement in UUCS for decades.
This will help to keep on supporting our Congregation after I
am gone."*

Past Gifts to UUCS and their Impacts

Our congregation has been blessed with a number of crucial gifts. Some noteworthy examples:

In 1970 Josephine Odom left \$5,700 to FUSSO (our name at the time). Its use was undesignated; the Board decided to use it to purchase land for a new church. In 1976 her bequest was used for the down payment on the Cordon Road property that our church sits on.

In 1996, when our Congregation was raising money to build our new church, and planning to build in 1997, we discovered that our capital fund campaign was not sufficient. Rick Davis offered \$5,000 that he was saving for a new car if other people could go in with him to bridge our funding gap. In response, Laura Wells gave \$50,000. Shortly after, an anonymous member pledged another \$50,000 to match other contributions. That inspired over forty (!) members of our small congregation to give an extra \$5,000 each to ensure that we could build our church in 1997, *and we did!* So many members were very generous that year! Can our current membership follow their example?

In 2017, Nina Cleveland left \$11,000 to our Congregation. Our Board of Directors designated \$1,000 of that to the RE fund for youth scholarships and \$10,000 to the Maintenance Reserve. It was a very welcome boost to both programs.

In 2019, Cathie Olcott left over \$40,000 to our Congregation, specifying that it be used for music. That money has been placed in a Music Reserve, where it can supplement the music portion of our annual Operating Fund for years to come.

For several years before 2015, no exterior painting was done on our church; no one took responsibility for doing it. In 2015, when the painting needs were becoming noticeable, Paul and Carol Manka paid for a comprehensive painting of the entire building. That's *Stepping up to meet a need!*



A Word from Rev. Rick

Recently in a planning meeting I heard myself say “We’re not going to be here forever.” It’s amazing to realize that the nearly three decades I have served as your minister have gone by so swiftly! Over these years I have witnessed, time and again, the profound, positive difference UUUCS makes in the lives of our members, friends and our surrounding community and world.

Although we won’t be here forever, there is a way for us to be there for future generations and exert a loving, generous influence upon them.

We do know from personal experience that there are times of uncertainty and instability in our world, and this can adversely affect and even destroy congregations that lack the resources to weather these storms.

For that reason my family and I will be making a financial gift so that future generations here at UUUCS will have a strong foundation that will support them as they continue to offer “a joyful home for free religious exploration, where we nurture the hopes and serve the needs of our world” (*from our mission statement*).

How Do You Fit In?

Will you join these members, past and present, whose generosity has brought our Congregation to its current vibrant state? We are strong and active. Our members need us; our Salem community needs us. We – *you!* – have the opportunity to help ensure that our Congregation can remain strong and meet financial challenges in the future.

There are several ways you can participate, as outlined in this booklet. Can our Congregation count on you?

To discuss any of these opportunities, please contact finance@uusalem.org.



Make *Your* Legacy

You can make a significant step toward our Congregation's long-term health.

You will not be alone:

- During 1994 to 2006, our then-small congregation contributed over \$1,000,000 to build our beautiful church in 1997 and add the fellowship hall addition in 2003.
- At least eighteen current members have made end-of-life commitments that total over \$1,200,000.
- During our 2020 legacy campaign, twelve members made current gifts of over \$64,000.

Our Congregation recognizes and is grateful for legacy gifts. Plaques in our foyer appreciate bequests received and current gifts over \$5,000.

All of these enable our Congregation to cope with opportunities and needs that fall outside our operating budget that is funded mostly by pledge payments.

You will feel the resulting satisfaction from reinforcing the foundation of our very own "castle in the sky".



Nothing in this booklet should be understood as legal advice or tax advice. As needed, you should seek your own professional advice on legal and tax matters.

