

FAITH & FUNDS

PROVIDING A BRIGHTER HOPE
FOR THE FUTURE THROUGH EDUCATIONAL TRUSTS

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TRUST PAYS TUITION COSTS, REPLACES WEALTH

Enjoy tax benefits while meeting educational needs

Imagine a case in which you might like to make a gift, but need to use the assets for another purpose temporarily. You may, for instance, wish to provide for the educational expenses of children or grandchildren.

A charitable alternative

A charitable remainder trust can be used to create an educational fund. Payments can be made to, or for the benefit of, a student while in school. When the education is completed, the assets in the trust become a charitable gift.

One family's example

Philip and Rebecca Moore, 45 and 47, have a child they want to help with educational expenses, although they would not otherwise be legally obligated to do so. They would like to provide \$10,000 per year to the child for six years.

They would also like to make a charitable gift in memory of Mrs. Moore's mother. Here's an effective way to reach both goals:

1. They may place \$75,000 worth of appreciated, low-yielding assets in a charitable remainder trust.
2. The trust (specifically, an annuity trust) will make a fixed payment of

\$10,000 per year to their child for the desired six years.

3. If the trust then earns 7% and pays the remainder of the educational expenses from principal, approximately \$41,000 will remain in the trust to fund the Moores' charitable gift at the end of the six-year period.

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TRUE VALUE OF A CHRISTIAN EDUCATION

—by Maynard LeBrun, M.S., M.H.A.

Doctors Edna and Arthur Chung know the true value of a Christian education by virtue of their own unusual lives. So great is its value, they believe, that they are making sure their six grandchildren have an opportunity to receive a Christian education by establishing a charitable remainder annuity trust with Pacific Union College (PUC), the income of which will provide funding for their grandchildren's Christian college education.

At age 15, Edna became "mother" to her 12 brothers and sisters when her own mother died. Years of struggle followed the devastating blow of her mother's untimely death. "After graduation from high school I was offered a \$50 scholarship as an outstanding student," recalled Edna. "I saw this as a sign that God wanted me to go to college." Edna attended Sacramento Junior College for two years, transferred to the University of California at Berkeley for two

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A BRIGHTER HOPE FOR THE FUTURE

—by W. Robert Daum

Imagine if you would for just a moment what it must have been like to be Moses. Here he was, minding his own business, tending his flocks near Mt. Horeb when the angel of the Lord appeared to him in flames of fire from within a bush. The Lord then asked Moses to lead His people out of Egypt. Moses had fled Egypt and feared for his life. Why would he want to go back to Egypt, possibly risking his life, to do what he thought was an impossible task?

Moses' reaction

Moses' first reaction was, "Who am I that I should go to Pharaoh and bring the Israelites out of Egypt?" (Exodus 3:11, NIV) Then he said, "What if they do not believe me or listen to me?" (Exodus 4:1) Moses' next excuse was, "Lord I have never been eloquent, neither in the past nor since you have spoken to your servant. I am slow of speech and tongue. (vs. 10) Finally, Moses said, "O, Lord, please send someone else to do it." (vs. 13).

But the Lord knew the plans He had both for Moses and the Israelites. Fortified with the hope of the Lord, Moses put his faith in the Lord and did what was asked of him.

The purpose given us by the Lord is, ". . . to represent the character of God as it has been revealed to Moses. In answer to the prayer of Moses, 'show me Thy glory' the Lord promised 'I will make all My goodness pass before thee.'" (Exodus 33:18,19). "And the Lord passed by before Him, and proclaimed, 'The Lord, the Lord God, merciful and gracious, longsuffering, and abundant in goodness and truth, keeping mercy for thousands, forgiving iniquity and transgression and sin.'" (Exodus 34:6-7).

This was the fruit that God desired from His people. In the purity of their characters, in the holiness of their lives, in their mercy and loving-kindness and compassion, they were to show that 'the law of the Lord is perfect, converting the soul' Psalm 19:7." (Christ's Object Lessons, pgs. 258-286)

Your reaction

Just as the Lord said to Moses "What is in your hand?" (Exodus 4:2, NKJV), so the Lord asks each of His followers, "What is that in your possession?"

"For I know the plans I have for you," declares the Lord.

*"Plans to prosper you and not to harm you, plans to give you a hope and a future."
(Jeremiah 29:11, NIV)*

And just as the Lord revealed to Moses the plan He had for the rod in his hand, so the Lord will reveal to us individually His plan for our accumulated possessions (such as houses and lands, stocks and mutual funds, IRAs and savings accounts) to be used to His honor and glory meeting our own personal and family necessities and in support of the Mission of Christ to seek and to save the lost.

You and I are living in the most exciting time of earth's history with the end-time message and mission to live daily and to participate in sharing. Through our lives, our prayers, our faith and our funds, we may live out the purpose given us by the Lord to help our younger generations discover the hope and peace which have sustained us. We can do this by using the resources He has entrusted us to provide a brighter hope for the future in education and evangelism, in finishing the work of the Lord so we can go to our Heavenly home. What is your hope for the future?

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CHARITABLE GIFTS TO FUND EDUCATIONAL EXPENSES

This couple fulfills several goals with one plan

Mr. and Mrs. Howard have three grandchildren who have recently entered college. They have promised to help with their expenses. The Howards have also planned to make charitable gifts through their estates.

In a meeting with one of their advisors, they learn about a way they can accomplish both objectives with one plan.

Unlock income

The Howards have securities worth \$200,000 that have increased greatly in value from their original cost of \$75,000. Dividends yield just \$4,000, not nearly enough to provide the \$25,000 total per year they have promised their grandchildren.

They have thought about selling the securities and using the net proceeds to help with educational expenses, but they are concerned about the payment of capital gains tax on the \$125,000 profit from the sale.

Education trust fits needs

Instead, they might consider placing the securities in a charitable remainder trust. Such a plan could be designed to pay \$30,000 each year for six years for educational purposes.

At the end of the six-year period, if the trust earns a total return of 8%, there will be over \$100,000 remaining that can be used to benefit whatever philanthropic purposes the Howards direct.

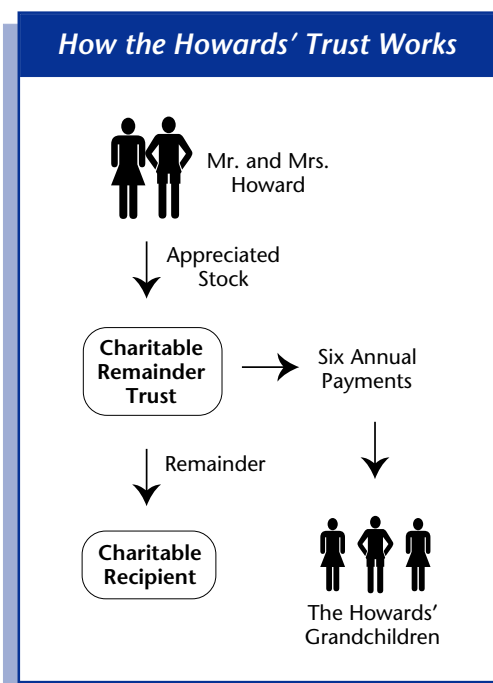
They will also be entitled to a charitable deduction of over \$57,000 in the year the trust is funded. Any gift or generation skipping taxes should be covered under exemptions allowed by law.

Because the funds will eventually be used for charitable purposes, all gain on the sale of the securities in the trust will be free of capital gains tax at the time the trust sells them.

Designate trust's duration

Such educational charitable remainder trusts may last for any period of time up to 20 years. Payments can be determined by the donor as part of the planning process.

We will be pleased to prepare an illustration showing how you might combine planning for educational expenses with your desire to make meaningful philanthropic gifts.



OUR NEXT ISSUE . . .
WILL FOCUS ON
TAKING THE IRS OFF
YOUR GIFT LIST. WE
WILL LOOK AT YEAR-
END GIVING AND HOW
YOU CAN SAVE TAXES.

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True Value—
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additional years, and then moved to PUC where she heard she could work her way through school.

"I worked three hours each day in the kitchen and additional hours on weekends. During these years at PUC God completely changed my life. I came to know the Lord as my personal Savior and was baptized. I want my grandchildren to have the same opportunity to know the Lord as I had."

Edna was encouraged to become a physician, a rarity for a woman in the 1930's. "I believed God wanted me to become a Christian physician, and when the Lord wants something done, it will be done!" After graduating from PUC Edna was admitted to Loma Linda University School of Medicine, from which she received her MD degree in 1941.

Growing up in a non-Christian home, Dr. Arthur Chung's first contact with Christianity was with a missionary family on the campus of Yenching University in China. Dr. Chung was a medical student and interned with the Chinese army medical service in the 1930's, then returned to the United States where he was once again in touch with Christianity. He went back to China and worked in a Beijing hospital. During this time, Arthur felt something important was missing from his life.

Arthur experienced many difficult times while the Chinese cultural revolution raged in the late 1960's.

He returned to the United States in 1976 and met Edna, who introduced him to the Seventh-day Adventist faith. He attended the White Memorial Church in Los Angeles with her. In 1977, he was baptized as a Seventh-day Adventist Christian and later that year, Edna and Arthur were united in marriage.



Drs. Arthur and Edna Chung
Sonoma, CA

Arthur has come to see the great value of a Christian education from one's youngest years. "I have observed many Christian families, and have seen the importance Christian education has on children who start kindergarten in a Christian school and remain there through their college years."

Out of their earlier life experiences, Edna and Arthur have come to appreciate the value of Christian education. They are making sure funds flowing from a charitable remainder annuity trust can provide the opportunity for their grand-children to attend a Christian college where they can learn to know and accept the God that Edna and Arthur have come to love.

Contact Your Local Planned Giving Advisor (see box below) to assist you with an Educational Trust.

Trust Pays—
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The Moores will be entitled to a charitable deduction of over \$28,000 in the year they create the trust.

The charitable trust can sell and reinvest the entire net proceeds of the sale of the Moores' assets, thereby avoiding capital gains tax at the time the trust is created.

Benefit for child

At their deaths, the Moores had planned to leave \$75,000 to their child. After taxes, the child might receive only about \$40,000.

They may be able to use the tax savings from the educational trust charitable deduction to purchase life insurance that more than provides the same \$40,000 inheritance.

To summarize

Through careful planning, the Moores have:

- Provided some \$60,000 in educational funds.

- Made a gift of over \$40,000 in memory of Mrs. Moore's mother.
- And finally, through the use of tax benefits, they have been able to assure that their child will still receive the inheritance they had planned.

YOUR LOCAL PLANNED GIVING ADVISOR . . .

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