

STEWARDSHIP CONNECTIONS

A Newsletter for Financial Connections

What is Planned Giving?

by Paul A. Miller

All giving is planned giving. Just about every gift made to charity involves reflection by the donor about how much to give, to what cause, in what way, and at what time. In other words, giving to charity is more than an unanticipated exchange of funds. While giving may occasionally happen this way, usually a donor's self-reflective deliberation accompanies the gift, making the entire act an expression of love and charity as well as a transfer of funds. So you might say that all giving is planned.

However, not all charitable giving takes the same amount of planning. Writing a check for regular offerings can be routine, without much deliberation. Deciding how much to give is often a calculation based on current income. These donations are typically tithes and offerings made from paychecks and monthly or annual business earnings. While donations of this kind are essential to support our churches and operate our charities, they are not the "planned giving" to which we are referring.

What is "Planned Giving"?

A donor may contribute to charity many different types of assets—not just cash. Shares of stock and mutual funds, real estate, commodities, and just about any non-cash asset for which a market value can be established can be donated to charity and can be tax deductible. In fact, these gifts are often

better than cash. Since these kinds of assets usually have appreciated in value since they were acquired, significant capital gains tax will be due when they are sold.

However, if these are given to a tax-exempt charitable organization, the charity can sell your gift of appreciated assets and the entire amount may be used for charitable purposes, since tax exempt charities are not required to pay taxes. But such donations cannot be simply placed into the offering basket at church. They require planning, on the part of both the donor and the recipient. This is why such gifts are called *planned gifts*—because they require advance planning.

Planned gifts require planning on the part of both the donor and the recipient.

Many of our people spend much time early in their lives planning how to acquire assets and grow their estates. Throughout their lives, they practice good stewardship over everything God has entrusted into their care. Ironically, they give little thought to what will happen with their assets later in life, when they are no longer working, or after their death, when they no longer need them. The good stewardship they practice all their lives somehow stops short of end-of-life stewardship responsibilities.

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Loans for Churches and Nonprofit Organizations

Anabaptist Foundation exists to serve conservative Anabaptist churches and charities as they serve the Lord and our people. One aspect of our service is the ability to provide loans in times of need. Whether it is a church facing an unexpected need or a mission contemplating a building project, the Foundation can help with an affordable loan.

What funds does the Foundation lend to churches and nonprofit organizations?

Occasionally a church or nonprofit organization has surplus funds on hand. These funds are usually designated for a future purpose, but need to be invested until they can be used. The Foundation operates the Investment Management Agreement (IMA) Program—accepting funds from conservative Anabaptist churches and charities, paying them a reasonable rate of return, and using the funds to provide loans to other churches and charities in need. In addition, some donors in our Charitable Gift Fund (CGF) Program make their funds available for anonymous loans to meet needs.

Who may borrow funds?

The Foundation limits its lending to churches and nonprofit organizations that meet our constituency guidelines. We offer loans only to churches whose beliefs and practices conform to the *1963 Mennonite Confession of Faith* or to earlier, similar Anabaptist confessions of faith, such as the *Schleitheim Confession of 1527* or the *Dordrecht Confession of 1632*. Organizations that have 501(c)(3) tax-exempt status are also eligible to apply for loans if their boards of

directors are controlled by members of churches meeting our constituency guidelines.

What types of loans does the Foundation offer?

We primarily offer loans for building projects (construction or real estate purchases) and for alms funds' needs. Loans from the Foundation have helped:

- Conservative Mennonite churches complete building projects.
- Mission organizations secure useful properties that became available on short notice.
- Amish church committees construct new parochial school buildings.
- Amish and Mennonite church deacons deal with unexpected or large alms fund needs, enabling them to secure maximum discounts from hospitals while providing time for the church to take up collections.

Currently the Foundation has \$7.4 million loaned to churches and nonprofit organizations, with forty-nine loans to churches, five loans to parochial schools, and eleven loans to nonprofit organizations.

If your church or nonprofit organization would like to learn more about Anabaptist Foundation loans, please contact Floyd Miller in the AF loans department at (800) 653-9817 ext. 217. Applications are also available on our website at www.afweb.org.

Do You Have a Will?

Many Anabaptists are good stewards all their lives, faithfully caring for the assets God has entrusted to them; however, they neglect to plan their final act of stewardship—making a will. More than half of Americans die without a will. Fifty-seven percent say they “just haven’t gotten around to making one.” Twenty-two percent feel that making a will isn’t urgent. Seventeen percent don’t think they need a will. Fourteen percent don’t have a will because they don’t want to think about death. Are you among these? Is your will up to date?

Without a will, loved ones are left without clear direction for carrying out the final wishes of their parents and friends. End-of-life stewardship includes making a will, and in some cases, a trust and pour-over will; designating powers of attorney for property and healthcare; and writing a letter of instruction regarding personal effects.

Anabaptist Foundation will provide our free *Will Organizer* to help you gather necessary information before visiting your attorney to make a will. To request a copy, contact Nathan Shrock at (800) 653-9817 ext 214.

Open Hands Transitions to an Independent Organization

by Merle Burkholder, Open Hands Administrator

Anabaptist Financial's two-fold mission is to provide faith-based financial services and stewardship teaching. Prior to the formation of Open Hands, Anabaptist Financial exercised its two-fold mission solely among conservative Anabaptist people in the United States. Compared to the US, Anabaptists in underdeveloped countries have limited financial services available to them. Anabaptist Financial's board developed a vision to consider the plight of the poor by extending financial services to needy Anabaptists overseas. While many miles separate us from these brothers and sisters, we felt the call to find a way to extend a helping hand.

In response to this vision, in 2007 the board authorized the formation of a research committee to determine what Anabaptist Financial could do to assist Anabaptist believers in underdeveloped countries. Ken Burkholder and Merle Burkholder were appointed to this committee. Others who later served on the Open Hands Committee include Merle Herr, Raymond King, Richie Lauer, John Omar Lapp, Marvin Mast, John R. Sensenig, Tim Stoltzfus, and Lester Weiler.

The committee made a research trip to the Dominican Republic and interviewed staff of several microfinance organizations. As a result, the Anabaptist Financial board decided to launch a savings-led microfinance program in Haiti. This program was launched in October, 2009 as Open Hands, with Merle Burkholder as administrator. Lyndon Swarey was the first staff person, and has served in the Haiti program from the very first day.

Soon requests came from other missions to bring savings group programs to their areas. Open Hands expanded into India in 2011, Kenya in 2013, and Guatemala and Mexico in 2015. The staff team was expanded to include the Joe Kuepfer family in Kenya and Darin Hershberger in Haiti.

By 2012, the growing size of the Open Hands program made it apparent that it should be registered with the IRS

as a separate 501(c)(3) organization. This made Open Hands the fourth organization within the Anabaptist Financial family. As Open Hands continued to flourish, the Anabaptist Financial board began to feel the challenge of providing governance to an organization that had overseas operations in foreign mission settings. As its work spread around the globe, Open Hands grew far beyond what was originally envisioned. With other aspects of Anabaptist Financial growing as well, the board felt stretched to stay abreast of all that was happening in Open Hands.

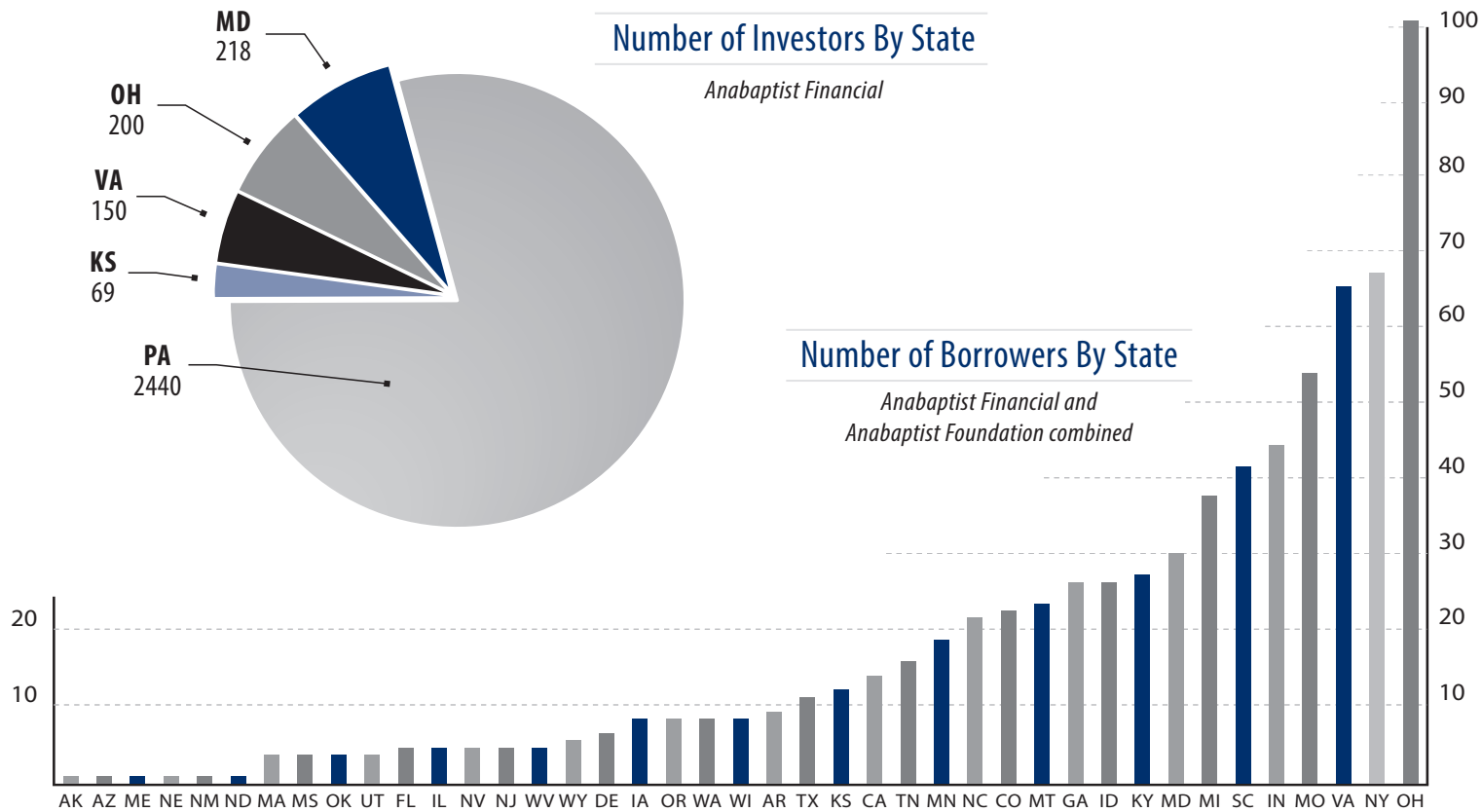
Open Hands has a mission-outreach emphasis to assist conservative Anabaptist churches and missions in underdeveloped countries to increase their mission influence by teaching about Christ-centered micro-enterprise and savings. Open Hands provides economic teaching and advisory support to both the saved and unsaved in a mission effort to use economic need to both grow people in Christ and bring people to Christ. This is a challenging work that involves reaching into the economic pain and suffering of the poor and lost. The board felt strained by the dual challenge of serving North American conservative Anabaptist communities with financial services while attempting as well to reach underdeveloped countries with economic, financial, and spiritual teaching and support.

In the fall of 2013, the board began to consider if it would be advantageous for Open Hands to form its own board, fully dedicated to the needs and opportunities of Open Hands. In November of 2014, the Anabaptist Financial board decided to implement the process to transition Open Hands smoothly from being part of Anabaptist Financial to a completely independent organization. In May 2015, a separate board of directors was formed to govern and oversee the work of Open Hands. On July 1, 2015, the transition process was completed

Open Hands has a mission-outreach emphasis to assist conservative Anabaptist churches and missions in underdeveloped countries to increase their mission influence by teaching about Christ-centered micro-enterprise and savings.

Operational Report

Current as of July 1, 2015



Note: PA has the largest loan participation with 294 borrowers. The graph above depicts participation among other states.

Continued from page 1 »

Reasons for this lack of planning may vary from person to person, but it is often because decisions about where and to whom assets will go after death are uncomfortable. Such choices are overshadowed by their own pending death, which people naturally shrink from by refusing to plan the events that surround it. Hard decisions must be made about what and how much assets to leave to children, and also how best to do so, especially if there is unequal distribution, whether real or perceived.

To complicate matters, when accountants and lawyers talk about estate planning, their use of technical terms that we don't understand can make us uncomfortable. As a result, many of our people are included in the more than half of the

adult population of the United States who have never made a will, or who made one in their younger years that is outdated and does not adequately deal with changing life situations.

By not taking this responsibility, many unconsciously choose to allow what happens with their estate to be determined by the laws of the state in which they live, or to the unclear provisions of an out-of-date will. Often the extent of their planning is to leave the specific details for their children to sort out after they have passed away. This lack of end-of-life stewardship often results in strained family relations, breakup of the family business, and tax payments with funds that could otherwise have gone to the charities they supported all the years of their lives.

How Does Planned Giving Work?

Planned Giving is more than "planning" to make a cash gift from current income. Planned giving frequently includes asset-based gifts of net worth, generally larger than can be made from current income. Often they are once-in-a-lifetime gifts made through an estate plan. Tax considerations are a major part of planning asset-based gifts.

Many planned gifts serve a dual purpose of supporting charity while offsetting taxes incurred when assets are transferred, generally as part of an overall estate plan. In this process, gifts of appreciated assets generate capital gains tax deductions, as compared to current income gifts which generate ordinary income tax deductions. These kinds of gifts made through an estate generally require consent of both spouses and input from professional advisors. Such giving takes significant contemplation and planning.

Planned gifts fall into three categories:

- **Current use** gifts, which provide an immediate benefit to charity.
- **Future use** gifts, which provide deferred benefits to charity.
- **Life income** gifts, which provide deferred benefits to charity and interest earnings back to the donor.

Current use gifts that fund charitable work at the time they are given include outright cash gifts, or outright gifts that use appreciated assets as a substitute for cash, such as shares of stock and mutual funds, real estate, commodities, or anything for which a fair market value can be established. A charitable tool to handle current use gifts is Anabaptist Foundation's *Charitable Gift Fund*, which operates as an IRS-defined donor-advised fund.

Deferred gifts that fund future charitable activities are usually gifts of the same type of assets as current use gifts, but made through an estate and payable upon death, or triggered by other life events. The primary tool to use for such gifts is a *Charitable Bequest*.

Type of Planned Gift	Tool from Anabaptist Foundation
Current use	<i>Charitable Gift Fund</i>
Future	<i>Charitable Bequest</i>
Life Income	<i>Pooled Income Fund</i>

Life income gifts may also be cash or appreciated assets. Anabaptist Foundation invests life income gifts in our loans pool and returns the earnings back to the donor(s) until the death of the last beneficiary, after which the gift provides a benefit to charity. Our *Pooled Income Fund* is a tool to use to make a charitable life income gift.

Who Should Help Plan your Planned Gift?

A well-planned gift involves the following aspects:

- Considering the tax consequences and providing funds to pay any taxes due
- Drafting and executing the proper legal documents
- Communicating clearly among the donors and their families

Professional advisors such as attorneys and tax preparers should be included in the planning process. Clear communication among family members is essential, so no one who has a stake in assets being gifted is surprised to learn a gift was made without their knowledge. More difficulties arise from misunderstandings among donors and their family members regarding planned gifts than between donors and their professional advisors.

How Can I Use Anabaptist Foundation's Planned Giving Tools?

Please contact Anabaptist Foundation at (800) 653-9817 and ask for a Planned Giving representative if you wish to use any of the charitable tools we offer. Remember that Planned Giving involves only the charitable part of your estate plan, whereas your attorney provides overall estate planning services. While your attorney will draft the proper legal documents and your accountant or tax advisor will determine your tax savings, Anabaptist Foundation will work closely with them to facilitate your planned gifts. All inquiries are treated confidentially to protect your identity. We appreciate your consideration of Anabaptist Foundation as a sponsoring organization to assist with your charitable giving.

This article is for educational and informational purposes only, and is not a legal opinion or accounting advice on any specific matters.

Open Hands Board Members

Marvin Mast, Chairman
 Ken Burkholder, Vice Chairman
 Joel Martin, Secretary
 Tim Stoltzfus, Treasurer
 Dwayne Borkholder
 Amos Hurst Jr.
 John Omar Lapp
 David G. Martin
 John R. Sensenig

and Open Hands began to operate as an independent non-profit organization separate from Anabaptist Financial.

We are grateful for the vision and encouragement that Anabaptist Financial gave in developing Open Hands from a visionary idea to a growing, flourishing ministry. We believe that Open Hands will continue to provide teaching and a helping hand up to thousands of families around the world. We continually hear stories of families that are able to feed their children more regularly, families that are sending more of their children to school, and families that are able to give more to their local church as a result of increasing their income by participating in a savings group. Pastors are reporting that church offerings have increased as a result of savings groups being formed among church members.

The new Open Hands board has a strong vision to see this type of ministry continue. We anticipate that the transition will be very smooth since all the new board members are either Anabaptist Financial board members or members of AF's former Open Hands management committee. All of these men are already familiar with the work of Open Hands and feel a burden in their hearts for microfinance savings group ministry.

We are looking forward with anticipation to the opportunities that God will bring us in the days ahead. We are discussing with several additional mission organizations the possibility of a savings group program in locations where they have churches. We are confident that God will continue to open doors and provide the finances and prayer support that is needed to move ahead with new projects while we strengthen the existing programs.

Earlier this year, Open Hands moved the Joe Kuepfer family to Kenya, where we are now seeing good growth in the program. We are projecting that out of our base in Kenya we can reach into other East African countries in the next few years.

As Open Hands moves ahead under God's direction, we look back with appreciation for the prayers and financial support from each of you who has been part of making Open Hands successful. We look forward to your continued participation in this important ministry.

Open Hands

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Merle Burkholder

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 Email: openhands@afweb.org
 Web: www.openhands.org

** If you are interested in receiving the Open Hands newsletter, please respond by completing the postcard insert.*

Anabaptist Financial BUSINESS SEMINARS

FROM AN ANABAPTIST PERSPECTIVE

September 22, 2015: Shady Maple Banquet Facility — East Earl, PA 8:30 AM - 4:45 PM

September 24, 2015: Antrim Brethren in Christ Church — Chambersburg, PA 8:30 AM - 4:45 PM

Sessions

Integrity: What I Cannot Afford To Lose – *Life involves both gain and loss. Although much is risked in business, there are things you must purpose not to lose.* - **Richie Lauer**

The Power of Proper Branding – *Learn what branding is, why it affects every aspect of your business, and how to develop your brand to create value for customers, employees, and owners.* - **Roy Herr**

Numbers Made Simple – *Simply knowing your numbers is not enough. Learn two ways you can change your numbers to become more profitable.* - **Nathan Siegrist**

Developing and Mentoring the People Around You – *This session will focus on building the intangibles of good relationships at work.* - **Doug Ramer**

Marketing Strategy and ROI (Return On Investment) – *Join this session to learn how to plan, execute, and track the return on your marketing investments.* - **Roy Herr**

Serving People Through Salesmanship – *Turn sales opportunities into successful experiences for your company and satisfaction for your customer.* - **Rodney Martin**

The Marketing Toolbox – *Learn how, when, and why to use various mediums to attract leads, convert them to customers, and keep them coming back.* - **Merle Gingrich**

Advanced Selling Techniques – *This topic builds on "Serving People Through Salesmanship" by going more in-depth in proper phraseology, rapport building, and knowing what to say and when to say it.* - **Rodney Martin**

How We Market Our Products – *A "show and tell" session on how two manufacturing businesses market their products and the success or failure of their marketing efforts in the marketplace.* - **TBA**

Consistency: The Key to Effective Marketing – *We'll look at four simple components of every marketing piece, and how putting them to work day after day will make your message effective and memorable through good times and bad.* - **Dean Martin**

Sales Roundtable – *This session is your opportunity to share your challenges and successes and receive practice help and advice from your fellow sales professionals.* - **Rodney Martin and Paul Landis**

Speaker Details

Merle Gingrich *Richland, PA*
 President, Little Mountain Printing Inc.; Editor, The Fishwrapper

Roy Herr *Myerstown, PA*
 Marketing Consultant & Co-founder, Rosewood Marketing

Dean Martin *Hagerstown, MD*
 Managing Member, Century Graphics Group, LLC;
 Board Chairman, Compass Foundation, LLC

Rodney Martin *East Earl, PA*
 Sales and Service,
 Martin Water Conditioning

Paul Landis *Ephrata, PA*
 Manager, Martin Appliance & Water Conditioning

Richie Lauer *Hillsville, VA*
 Foundation Officer,
 Anabaptist Financial

Doug Ramer *Myerstown, PA*
 Personnel Manager,
 Martin Water & Appliance

Nathan Siegrist *New Holland, PA*
 President, Gehman Accounting

For a detailed program or to register, please contact Anabaptist Financial at (800) 653-9817 ext. 214, by email at seminars@afweb.org, or register online at www.afweb.org/register.

BUSINESS ADVISING

DO YOU NEED A Trusted Business Advisor?

Do you ever wish for someone you could trust to give wise advice and keep you on the cutting edge of business success? AF Business Advising offers consulting services through the counsel of experienced Anabaptist businessmen. Our advisors are business veterans who team up with you to provide expert guidance and real business solutions. With shared Anabaptist values and a wealth of real world experience, your advisor brings business know-how, Kingdom values, and spiritual insight to your business challenges.

A seasoned business advisor enables you to develop new ideas, create strategic plans, and make well-informed decisions that honor God and strengthen your business. Business advisors can help analyze your business operations, diagnose problems, and implement practical strategies based on Christian principles.

Don't wait until business problems overwhelm you. Act today. Let our advisors help you implement effective solutions. Expect more than good advice—expect to apply business tools, procedures, and systems. Expect to grow personally, and become a fully equipped business leader.

For more details call
David Sauder
Advising Administrator
(800) 653-9817 ext. 206

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