

Partners IN PLANNING

Know Your Options: The Ins and Outs of Taxes

In our last issue of Partners in Planning, we introduced our new name for MTW's estate design department—the Center for Estate and Gift Planning. We hope that you learned

a little more about our team and our desire to serve you and your family as you consider your estate planning needs. In this issue, we want to focus on one key aspect of estate planning—taxes.



Lt.Col.(Ret.) USAF Richard Perkins and his wife, Virginia, established an estate plan with MTW that meets their family's needs. Virginia said, "The give-it-away-twice trust was an eye-opener. It was just what we wanted to do." With the charitable remainder trust, the Perkins will provide for their children for a set number of years, then the remainder will go to Christian ministry.

Did you know that certain taxes are optional taxes? You can pay them, postpone them, or avoid them. The only way to avoid them is by using charitable trusts. When you use charitable planning, you decide who is your charity of choice—ministry or the government.

Our department often works with families that want to avoid taxes while making plans for the future. We want to introduce you to some tools we use to meet these goals—life income gifts. Life income gifts are gifts that do just what their name implies—they provide income for life for the gift giver. The ability to give a gift to ministry while also meeting income needs in retirement makes these kinds of gifts very appealing.

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The charitable gift annuity is a life income gift that has been used by charities for over 100 years. At MTW, we have offered it in many states for more than 15 years.

Using these charitable gifts also allows people to avoid taxes by reducing the amount of taxes payable while making their gift to ministry. The most popular life income gifts are charitable trusts (remainder trusts and lead trusts) and charitable gift annuities.

Charitable Remainder Trust

Charitable trusts are a life income gift and are widely used. MTW partners have found them to be a flexible way to give to ministry while creating income for

payable. The property transferred to the trust is managed separately and not commingled with other funds.

The trust then makes regular payments to you throughout the trust period. At the end of the period, the trust assets are distributed to its beneficiaries. The trust can make payments to you for a set number of years or for life. Since the distribution at the end of the trust is to the charities you choose, you are able to take a

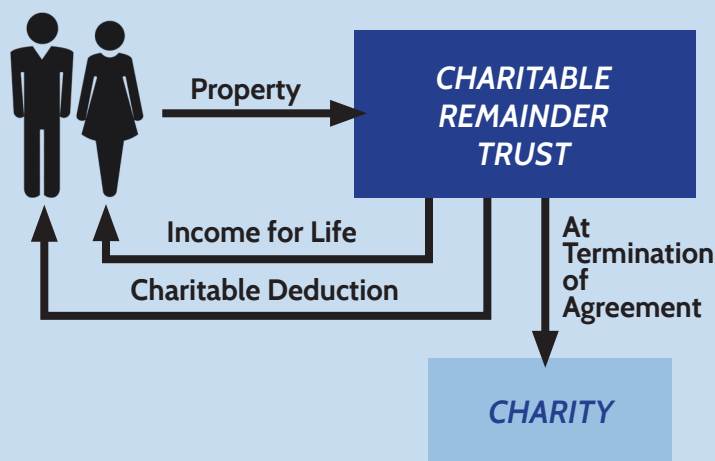
The trust can make payments to you for a set number of years or for life...you are able to take an income tax deduction on your gift.

charitable income tax deduction on your gift. A trust can be used to reduce estate taxes, provide diversification, and create a legacy of ministry giving. MTW has experience serving as trustee for charitable trusts.

Benefits

- Income for you
- Charitable tax deduction now
- Avoidance of some capital gains taxes payable
- Legacy to ministry

HOW A CHARITABLE REMAINDER TRUST WORKS



themselves and their family. A charitable remainder unitrust is a transfer of cash, stock, mutual funds or real property to an irrevocable trust. The trust can sell the asset without triggering any capitals gains taxes



Charitable Lead Trust

To avoid estate and gift taxes people use another type of charitable trust called a charitable lead trust. A charitable lead trust is a transfer of cash or property to an irrevocable trust during your lifetime or at death. It provides regular payments to a charitable beneficiary throughout the trust period, followed by a distribution to personal beneficiaries at the end of the period.

As with a charitable remainder trust discussed above, the charitable lead trust is managed as a separate fund. The payments made to the charity

during the period of the trust are based on a percentage of the fair market value of the trust. Since these payments are to charity, you are eligible for special charitable estate and gift tax deductions.

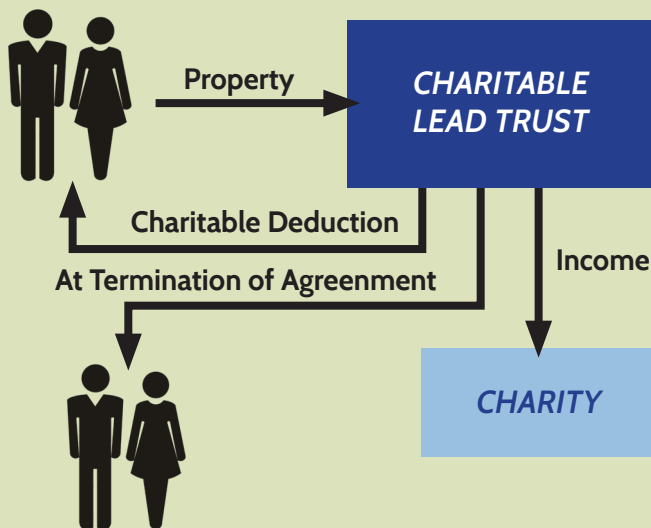
Benefits

- Avoidance of estate and gift taxes
- Income for charities
- Charitable Income tax deduction
- Personal beneficiaries receive legacy

Charitable Gift Annuity

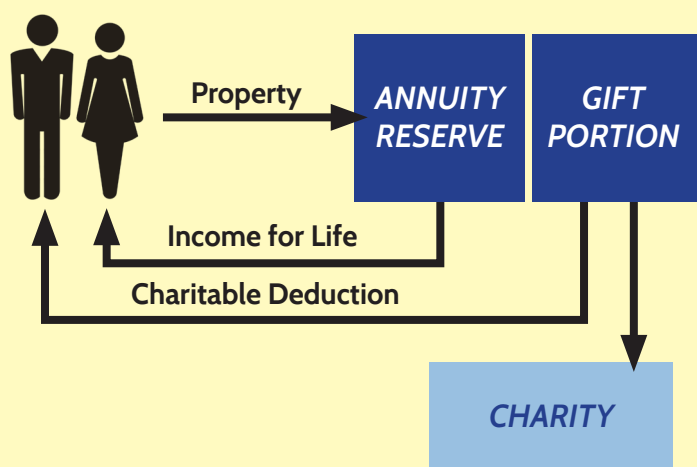
The charitable gift annuity is a life income gift that has been used by charities for over 100 years. At MTW, we have offered it in many states for more than 15 years. With a charitable gift annuity, you give a gift to MTW. The gift can be cash or appreciated property such as stock or mutual funds. We have also accepted gifts of real estate. Once you have made your gift, MTW will begin to make regular payments to you for life. These payments are determined by the amount of your gift and your age. MTW follows the rates for gift annuity *continued on back*

HOW A CHARITABLE LEAD TRUST WORKS



continued

HOW A CHARITABLE GIFT ANNUITY WORKS



payments established by a national organization, the American Council on Gift Annuities. You are eligible for a charitable income tax deduction when you make your gift and a portion of the payments to you is tax-free.

Benefits

- Provides income to you for life
- Fixed payment amount
- Easy to establish
- Current income charitable tax deduction
- Avoidance of capital gains taxes payable

Nothing contained in this newsletter is intended to be legal, tax or financial advice. Please consult your personal advisers on all legal, tax, or financial issues related to gift or personal matters

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We trust you have found this issue of Partners in Planning to be helpful. We look forward to hearing from you with suggestions for future issues or with any questions you may have about the information shared here. Please take time now to complete the response card to receive our **Guide to Planning Your Estate**. We are here to help you in any way we can. Please write or call our office to let us know how we can be of assistance.

For will and estate planning purposes, our legal name and address are:

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