

EXHIBIT VI

GIFT ANNUITY & DEFERRED PAYMENT GIFT ANNUITY

Charitable Gift Annuity - Donor makes one-time contribution in exchange for charity's promise to pay a sum certain each year for life.

Example Gift Annuity (\$10,000)

Female: age 79

Rate: 8.7% (\$870 per year)

Tax-free portion-----\$619

Taxable-----\$251

Charitable income tax deduction-----\$3,880

Assume \$10,000 taxable income

Tax deduction saves---\$815

Net investment (\$10,000 - \$815) = \$9,185

Return on net investment 9.4%

Federal estate tax savings-----\$3,200+

Avoids probate

Example Deferred Payment Gift Annuity

Male: age 45 Taxable income \$40,000

\$10,000 Deferred Payment Gift Annuity, payments beginning at age 65

Charitable income tax deduction - approximately \$6,300
(claimed immediately)

Out of pocket tax savings-----approximately \$2,700

Annuity payments for life

beginning at age 65-----\$1,330 per year

Estate tax savings-----\$3,200+

Farmers
(Wallaces)

EXHIBIT VII

Annuity Trust - Specifies in dollar amounts the annuity (sum certain) to be paid to the income beneficiary. Payments must be at least 5% of initial value of trust and must be paid at least annually.

Example Annuity Trust (lifetime)

Male: age 75

Funded with \$100,000 worth Port Authority Bonds paying 8.2% (tax-free)

Lifetime Annuity Trust payments----- per year \$ 8,200 tax free
Qualifying charitable income tax deduction approximately-----\$54,000
Savings on Federal Estate Taxes-----\$32,000
Probate Savings

Unitrust - Specifies that the income beneficiary must receive annual payments on a fixed percentage (at least 5%) of the fair market value of the trust's assets, determined annually.

Example Unitrust (joint life) 7% rate

Husband: age 63
Wife: age 55 Gross estate - \$900,000

Funded with real estate valued at \$600,000, cost basis-----\$84,000

No capital gains tax upon transfer of property to Unitrust,
or when Unitrust sells property

Estimated savings on capital gains tax-----\$140,000

Charitable income tax deduction, approximately-----\$108,000

Estimated out-of-pocket savings-----\$ 50,000

Estimated estate tax savings-----\$121,200
(assume community property)

Total tax savings-----\$311,200
Probate Savings

Charity gets entire principal upon death of Donors.

Donors receive 7% of annually revalued Unitrust principal each year.

EXHIBIT VIII

Charitable "lead" Trust - Income is paid to charity for term of years after which principal reverts to whomever donor designates.

To qualify for income tax deduction:

1. Donor must be taxed on trust income
2. Income interest must meet annuity trust or unitrust rules.

Example Charitable lead trust

Donors fund trust with-----\$2,000,000

Trust pays \$180,000 per year for 18 years to charity; then principal is divided among donors' grandchildren.

Gift tax charitable deduction-----\$1,992,235

Gift taxes are due on-----\$ 7,765
(Grandchildren's interest)

Charity gets total of-----\$3,240,000

Grandchildren divide-----\$2,000,000+

Mother
3 Bros.

Smith-
~~Phillips~~
SRL

Bob Wallace
Cpl. (Golding)

~~Memo to Don~~

~~See Bathin~~
~~on Campbell Fund~~

~~Ra C.D. Passbook~~

~~Summer Picture to~~
~~Martha-SMITH-Brown!!~~

~~Petry -~~

~~Senate Meeting 8th~~

~~Keith S. Smith~~

1. Fiscal changes

Endowment

Long/Short Term Debt

Progress

Investment Committee - Endowment Foundation
Mabee Challenge

2. KCAC - Will return in all likelihood
Transition period

3. Church Relations
Pacific & SW Region
Mission Statement

4. CAF Report

5. Accounting/Auditing Changes

6. Am. Mgt. Association Course for President

7. Future - Quality Product -
not perfection but improvability

* Planning

Close Price Hall for Summer

8. Marilyn Shaw-M. Hall

164.05
24.43
139.62

Central - Mabee
NO MERGER!!

\$230,000

- 50 -

- Trustees' ^{Better} ^{than} ^{for}

Reficit
M. Hall

Averyt

ESTATE PLANNING
from a
CHRISTIAN PERSPECTIVE

David H. Olson
Vice President
Lee Bernard & Company
Pasadena, California

I. Why does God give us money?

A. To provide for our needs

B. To provide for our family

C. To accomplish God's work in the world

II. Why is it important for every Christian adult to have a Will?

A. Convenience

B. Economy

C. Good stewardship

God gives us freedom to use His good gifts as we will, but He also holds us accountable for how we use and distribute them.

D. Witness

If you fail to make a Will the State has one for you -- but a state-made Will is not a Christian Will.

III. What information should be taken into consideration?

A. People

1. You, your spouse, children, parents, brothers, sisters, etc.

B. Properties

1. Tangible personal property

2. Bank accounts

III.(cont.) What information should be taken into consideration?

B. (cont.) Properties

3. Securities
4. Real estate
5. Insurance
6. Retirement plans

Important: Some of your assets may not be distributed under the terms of your Will, but should be taken into consideration in tax planning. These include properties held in a joint tenancy with right of survivorship, properties held in a living trust and proceeds of life insurance policies.

C. Plans

As Christians, we see our estates as more than "things." My estate is part of me -- my time, my talents, my energies -- a lifetime of activities translated into material goods. It's a part of me that remains here on earth to carry out the real purposes for which I've lived.

1. Include a personal witness
2. Should you consider a two-trust Will? (See Exhibit III)
3. Specific legacies
4. Principles to guide you in distributing your wealth
 - a. Need
 - b. Love
 - c. Probable use
5. Residuary estate
6. Special instructions

III. (cont.) What information should be taken into consideration?

D. Who will carry out your plans?

1. Attorney
2. Executor
3. Guardian
4. Trustee

IV. Why do some people use Trusts?

A. Inter vivos ("living" trusts) and testamentary Trusts

1. Ongoing management
2. Saving taxes
 - a. Income
 - b. Estate
3. Avoiding probate
4. Privacy
5. Providing financial support for others - particularly children
6. Charitable gifts in trust

V. Giving as a part of your estate plan.

Giving is a prime principle of living - Luke 6:38

A. Lifetime gifts to individuals

B. Outright gifts to charity (See Exhibit V)

1. The real cost of making a gift (See Exhibit IV)

C. Gifts with retained income or use

1. Gift Annuity (Exhibit VI)
2. Deferred Payment Gift Annuity (Exhibit VI)
3. Charitable Remainder Annuity Trusts and Unitrusts (Exhibit VII)
4. Revocable Trusts
5. Life Estate Agreement
6. Charitable "lead" Trusts (Exhibit VIII)

EXHIBIT I

THE ESTATE IN SUMMARY FORM

GROSS ESTATE	\$ _____
↓	
MARITAL DEDUCTION (IF ANY)	- _____
↓	
ADJUSTED GROSS ESTATE	_____
↓	
DEDUCTIONS & DEBTS OF THE ESTATE	- _____
↓	
NET TAXABLE ESTATE	_____
↓	
ESTATE & INHERITANCE TAXES DUE AND PAYABLE WITHIN NINE MONTHS OF DEATH	- _____
↓	
BALANCE OF ESTATE TO BENEFICIARIES	\$ _____

EXHIBIT II

Unified Tax Rate Schedule

If the amount is:		Tentative Tax ¹ Is:		
From	To	Tax	+	On Excess Over
0	\$ 10,000	0	18	0
\$ 10,000	20,000	\$ 1,800	20	\$ 10,000
20,000	40,000	3,800	22	20,000
40,000	60,000	8,200	24	40,000
60,000	80,000	13,000	26	60,000
80,000	100,000	18,200	28	80,000
100,000	150,000	23,800	30	100,000
150,000	250,000	38,800	32	150,000
250,000	500,000	70,800	34	250,000
500,000	750,000	155,800	37	500,000
750,000	1,000,000	248,300	39	750,000
1,000,000	1,250,000	345,800	41	1,000,000
1,250,000	1,500,000	448,300	43	1,250,000
1,500,000	2,000,000	555,800	45	1,500,000
2,000,000	2,500,000	780,800	49	2,000,000
2,500,000	3,000,000	1,025,800	53	2,500,000
3,000,000	3,500,000	1,290,800	57	3,000,000
3,500,000	4,000,000	1,575,800	61	3,500,000
4,000,000	4,500,000	1,880,800	65	4,000,000
4,500,000	5,000,000	2,205,800	69	4,500,000
5,000,000	2,550,800	70	5,000,000

¹ The tentative tax applies to the sum of (a) the amount of the taxable estate and (b) the amount of the taxable gifts made by the decedent after 1976 other than gifts includible in the gross estate.

Unified Credit

Year	Amount of Credit	Amount of Exemption Equivalent
1977	\$30,000	\$120,667
1978	34,000	134,000
1979	38,000	147,333
1980	42,500	161,563
1981	47,000	175,625

OHIO ESTATE TAX

Exemptions: \$5,000 (but \$30,000 for spouse, \$7,000 for child under 18, and \$3,000 for child over 18)

Rates: 2% - 7%

Payment due: 9 months

Assessed on: Pro rata

3,000 gift to wife does not count as gift tax -

Are my proceeds taxable?
If so, put in will.

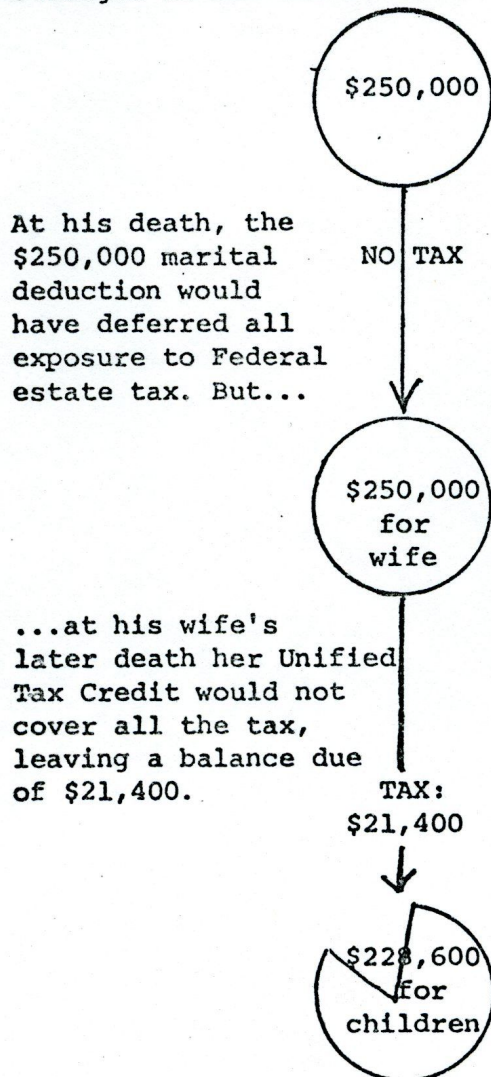
6,000 a year to Schuyler Tax free??
Tyler SWC

Mother - Will

EXHIBIT III

Why John Q. revised his will
A \$21,400 Federal estate tax saving
for a \$250,000 estate

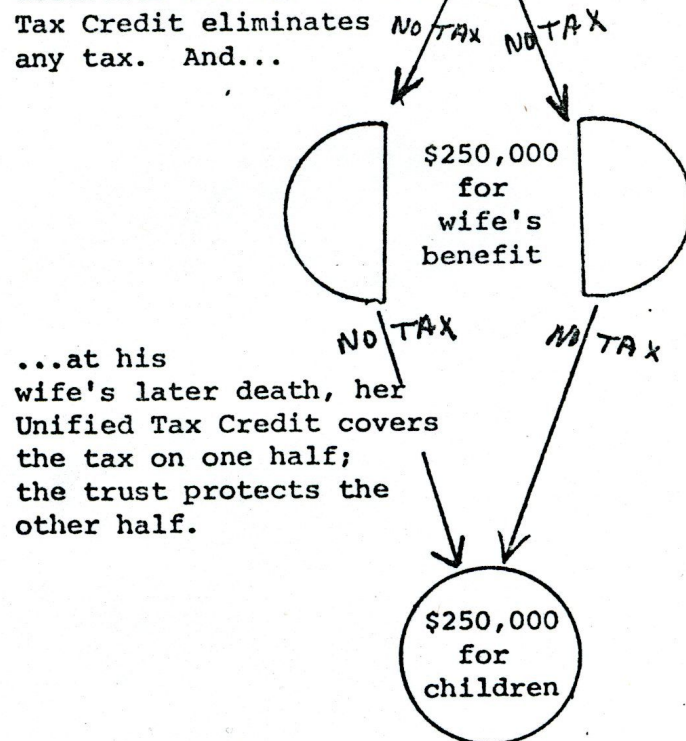
JOHN Q.'s old, "simple" will would have left his wife owning all \$250,000 outright if she survived him.



...at his wife's later death her Unified Tax Credit would not cover all the tax, leaving a balance due of \$21,400.

JOHN Q.'s revised will eliminates the tax at his wife's later death by leaving half the estate in a tax-protected trust for her life benefit.

At his death, the half in trust does not qualify for the marital deduction but his Unified Tax Credit eliminates any tax. And...



...at his wife's later death, her Unified Tax Credit covers the tax on one half; the trust protects the other half.

AMOUNT OF FEDERAL TAX SAVINGS ON LARGER ESTATES:

<u>Size of estate</u>
\$300,000
400,000
500,000
1,000,000

<u>Potential tax savings</u>
\$37,200
54,800
70,800
133,800

EXHIBIT IV

THE COST OF MAKING A CHARITABLE GIFT

After-tax Cost of Making a \$100 Contribution

<u>Income</u>	<u>Married (filing jointly)</u>	<u>Single</u>	<u>Head of Household</u>
\$ 10,000	\$81	\$76	\$78
20,000	72	66	69
30,000	64	55	59
50,000	50	40	45
100,000	40	31	36
500,000	30	30	30

(Does not consider state income tax)

EXHIBIT V

TO WHOM CAN CONTRIBUTIONS BE MADE

I. To whom can contributions be made?

- A. 50% organizations
- B. 20%
- C. Individuals? No

Note: No "quid pro quo" for donor

II. What can you contribute?

- A. Cash
- B. Ordinary income property
- C. Long term capital gain property
- D. Services (No deduction but unreimbursed expenses may be deductible)

1. Property or services question

E. Partial interests

- 1. In trust
- 2. Personal residence or farm
- 3. Individual property interest

F. Bargain sales

III. When can contributions be deducted?

A. Actual payments

- 1. Pledges secured by personal note
- 2. "Credit card" gifts

B. Securities

C. Timing of gifts