How to Find Room in Your Will for Your Ministries

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Are you currently supporting God's work through various ministries? Would you like to continue giving after God takes you home? If so, you can include ministries in your will to ensure that your giving and impact continue well beyond your lifetime.

If you have children or grandchildren, you likely want to leave something meaningful to them. You may also wish to include gifts for ministries. But you may feel that your estate is not large enough to give to both family and ministry.

Suppose you could find a way to include ministries while still giving generously to your family. Would you be interested in blessing these ministries if you could find room for them in your will?

Maybe you can.

Here are five ways you can earmark gifts for ministries while still providing generously for your children and grandchildren.[1]

1. **Give to charity from your IRA.**
   When individuals inherit IRAs or other Qualified Retirement Plans, the inheritance carries an income tax liability. With the exception of Roth accounts, Qualified Retirement Plans are subject to ordinary income tax when given to individual taxpayers. However, public charities are exempt from income taxes on such funds. So if you name ministries as beneficiaries of your IRA, 401(k), 403(b), etc., you will preserve the 25%

to 35% that would have been paid in taxes. You can give non-retirement assets to your family instead and spare them the income tax bill.

2. **Give to older family members using a Gift Annuity.**
   A Charitable Gift Annuity (CGA) is an arrangement between a charity and a donor whereby the donor makes a lump sum gift and, in exchange, receives a fixed income for life. The income is determined by the age of the payee as well as the length of time until the payments begin. At the death of the payee (and spouse), any remaining balance flows to the charity to carry out its mission and work.

   CGAs can be arranged to benefit the donor or a third party. Consider giving to your loved ones using a CGA. Rather than giving an outright gift to a friend or family member from your will, you could instruct that some or all of their inheritance be used to fund a CGA for their benefit. A lump sum inheritance might be spent quickly, but a gift of this kind would last a lifetime. And the same dollars used to fund the CGA would support that ministry at a later date.

   This concept works especially well for older heirs, such as parents or older siblings, as most CGAs begin paying out when the payee reaches age 65. For younger heirs, you might consider a Deferred CGA. The CGA would be funded immediately from the will but would begin paying only when the heir reaches age 65. The longer the wait, the higher the payout, as the funds in the CGA would have time to grow.

3. **Use a trust to give income to family and the remainder to charity.**
   A trust can serve several purposes, including splitting financial resources into two components: 1) income (payable, for example, to family members) and 2) remainder (what's left at the end of the term, such as a defined time period or the death of the final heir). As in the previous example, this approach allows you to use the same dollars to benefit both family and ministry. Your family receives income and principle, as needed, and the ministries you select receive whatever is left in the trust at the end of the term.

   Trusts of this nature can further regulate how family members receive funds. This feature allows you to continue stewarding those funds after your lifetime for the benefit of family members. And assets within the trust are protected from bankruptcy, divorce, and lawsuits.

4. **Use a trust to give income to charity and the remainder to family.**
Take the example above and flip the payees. Instruct the trust to first make payments to charity for a period of years and then pay the remainder to family at the end of the term. This type of trust is ideal for people with taxable estates and can minimize or even eliminate the estate taxes on an estate of any size. Using the correct combination of time and payout rate creates a charitable deduction that can zero out the estate tax.[2] This allows you to use the same funds to create an income stream for funding God's work simply by delaying some of the family's inheritance.

5. **Give away the taxable portion of the estate.**
If your net worth (including the face value of any life insurance) is more than a few million dollars, your estate may be subject to an estate tax of roughly 40%. While the current exemption (roughly $14 million per person for 2024) shelters all but the wealthiest of families from this tax, the exemption is scheduled to fall to $5 million after 2025. Therefore, you may want to begin planning for ways to mitigate this tax. One easy option is to give the taxable portion of your estate to charity. Doing so avoids the estate tax and allows you to direct funds to ministry at roughly 60 cents on the dollar.

Deciding how to distribute your estate is a matter between you and God. Ask yourself how best to steward the resources God has entrusted to you. Pray about it. If you sense God leading you to include cherished ministries that are carrying out God's work in your plan, then perhaps some of these ideas will help you do so in a way that creates efficiency and maximizes those resources for the glory of Jesus Christ.

[1] Most married couples like to leave everything to the surviving spouse and arrange for bequests to family, loved ones, and ministries to take place after the second death. All these methods for including charity can be arranged to take place upon the second death.

[2] The estate tax exemption for 2023 is $12,920,000 million, and for 2024 it's $13,610,000. It is scheduled to revert to $5 million after 2025. (This amount may be adjusted for inflation). The top tax rate is 40%. Some states also impose an estate tax.
