

# Giving to St. Luke's – Your Guide to Being a Donor

*Welcome!*

Giving to support a Christian community has been essential for the Christian life since Jesus first trod the Holy Land. Our faith compels us to share with others whatever we have, traditionally referred to as Time, Talent and Treasure. Each person gives a different mix of gifts as their life changes. All can advance the love and work of Christ on earth, and all can be part of the faith commitment that enriches our lives.

What we hope to give you in this document is some guidance on making financial gifts to St. Luke's. In particular, it discusses some aspects of giving outside of the annual Every Member Canvass which funds the day-to-day operating budget of St. Luke's. Because the funds raised through the EMC pledges and weekly gifts are essential to the parish and come from its members reflecting their continuing commitment to the annual budget, that process is very visible and well understood. Giving outside of the EMC and other weekly gifts, what we call Special Gifts, can involve personal motivations, types of gifts, and intended purposes that are different from and perhaps more complex than those associated with annual giving. We know we cannot address every possibility, but this document can be a start for your consideration and discussions. Whether, what, how or when you consider making a Special Gift, this will help raise and clarify the issues.

We encourage you to have discussions with your family members, professional advisors and the rector, the treasurer, and the wardens of St. Luke's on the ideas you see in this booklet. We would be delighted to hear from you.

*The Vestry of St. Luke's*

The following topics are addressed below:

Basic terms and concepts

Why make a special gift?

Choosing your form of giving

Giving a gift subject to restrictions on its use

Restricted gifts to the operating budget

## **Basic terms and concepts**

**Special Gift** - Any gift of financial value that is neither a payment on a pledge to the annual operating budget nor a periodic, regular payment intended to support the annual operating budget of the parish. A Special Gift may be restricted or unrestricted.

**Restricted Gift** – A gift received by the parish for which the donor has restricted its use. That would include a gift to a special purpose fund, like the Memorial Fund, the Worship Enhancement fund, the Belize Trip Fund or the Rector’s Discretionary Fund. It would also include a gift made to support a specific expenditure by the parish or to support future expenditures in a broad area of interest but without specific direction.

**Unrestricted Gift** - A gift for which the vestry has full authority to determine when and how it is expended. Most gifts to congregations are unrestricted.

**Designated Gift** - A gift not subject to a restriction imposed by the donor, but which has been allocated to a Designated Fund by the vestry.

**Designated Fund** - Assets set aside by the vestry for a designated purpose, which may be expended by the vestry for that purpose or which may be re-designated to another purpose. (eg. Capital Reserves Fund, Worship & Pastoral Care Fund)

**Heritage Endowment Fund** - The principal in the Endowment is intended to be permanently invested, with the income generated to be used to support future activities.

**Vestry Discretion and Authority** - The vestry has the discretion and authority to make financial decisions and policies for the parish, subject to parish by-laws, the canons of The Episcopal Church and The Episcopal Diocese of North Carolina, certain oversight by the Bishop and Standing Committee of the Diocese, and North Carolina law. Decisions and policies made by one vestry may be modified or reversed by a subsequent vestry acting within the scope of its authority. Nothing herein should be relied upon or considered binding on the parish or diocese, or establishing any contract right or relationship with any party.

## **Why make a special gift?**

For the donor, the motivation for making a Special Gift is often intensely personal. It may be in celebration of a special event in life, the achievement of a long-sought milestone, the desire to further the long-term growth of the Parish, or the ability to share resources that are no longer needed by the donor. This gift comes from you, and your reason for considering it is important. You may choose to discuss it openly with the clergy and parish leadership, or keep it as private as you see fit.

A gift from one's estate upon death is one of the most frequent types of Special Gift. In most cases, such bequests have come to St. Luke's without restriction on their use. The vestry sees that as a gift expressing a parishioner's joy at having been a member of St. Luke's and their confidence in the present and future vestries to continue to be good stewards of the resources entrusted to the church. Bequests to St. Luke's have provided funds to make long term improvements in our campus and develop new or greatly expanded programs. These generous gifts give us the ability to consider options well outside the ability of our annual operating budget.

There are times when each one of us sees a purpose or action that we strongly believe is timely and essential for St. Luke's. When that happens, we encourage you to talk with the Rector and vestry to consider if a special gift from you could make that idea a reality. The "purposeful giving" of a Special Gift to achieve a specific purpose is not unusual at St. Luke's and has given us some wonderful resources. Such a gift would be a "Restricted Gift" and has to be considered in light of these criteria:

1. Is the donor's goal aligned with St. Luke's mission as a parish?
2. Can the donor's goal be accomplished with the resources being offered?
3. Will the parish incur any continuing cost related to the gift (maintenance, etc)?
4. Can the donor's goal be accomplished in a reasonable time frame, and its achievement be clear enough to allow agreement that the project is complete?
5. Will the benefits to the parish be widely seen, understood and accepted by the congregation?

If these conditions are met, the vestry will have the final decision on accepting the Restricted Special Gift and overseeing the work to achieve its purpose.

## **Choosing your form of giving**

Most gifts to St. Luke's are in the form of checks or cash. For these gifts, we record the amount received in your annual giving record and provide you quarterly and annual statements.

Generally, these gifts are recorded when payment is received; amounts pledged but not yet paid are tracked but not recorded as income. Capital Fund Drives, such as the 2017 Worship Enhancement Fund, accept and track pledges, recognizing income as pledge payments are received.

We realize that to some extent, taxation may influence giving to St. Luke's. Current gifts of cash and checks are straightforward, and St. Luke's will provide donors with all required receipts and other documentation. In addition, there are ways in which giving a significant gift to St. Luke's can result in favorable tax outcomes. These may include making a Qualified Charitable Distribution from your IRA, a gift of appreciated property such as stock that has increased in value since you acquired it, gifts of insurance policies and gifts of interests in real estate or a closely held business. Your professional advisor, attorney, accountant, financial planner or broker can help you understand these issues, and how they relate to your personal situation. Please review our St. Luke's Gifts Policy Document for more details about these options. St. Luke's will be glad to communicate with you and your advisors whenever you are considering a tax-advantaged gift, to be sure we understand your goals and how you want to benefit St. Luke's.

If you are over 70 ½ years old , you are eligible to make gifts from your IRA by requesting a direct transfer to St. Luke's from your IRA custodian. This gift of a Qualified Charitable Distribution (QCD), can also qualify as part of your required minimum distribution from your IRA if executed under the IRS rules. QCD's are excluded from your taxable income altogether and would therefore not be listed as an itemized charitable deduction. . This is tax-advantageous in most cases, and especially if you do not itemize your deductions. Please advise the Parish Coordinator if you authorize a QCD as a gift to St. Luke's.

Gifts of appreciated stock can be made by having your broker or custodian transfer marketable securities to the brokerage account of St. Luke's. Please have your broker or custodian contact St. Luke's administrator for details. Then advise the Parish Administrator if you authorize a gift to St. Luke's from your brokerage account.

A gift of tangible property or intangible property that is not readily marketable, such as an insurance policy or an interest in a closely held business, should be discussed with the church before any action is taken. Depending on the nature of the asset and its approximate value, IRS may require an appraisal and St. Luke's vestry may require a plan for liquidation of the asset into cash.

## **Giving a gift subject to restrictions on its use**

Donors may be invited to make gifts to benefit an existing Restricted Fund. For example, donors to the Memorial Fund identify the individual they intend to memorialize but may not place any further restrictions. The Memorials Committee makes recommendations of when and how to spend funds from the Memorial Fund, subject to vestry approval. The Memorials

Committee may, but is not required to, discuss possible expenditures with the surviving members of a memorialized person's family.

A donor may offer or propose a gift with designated restrictions. A gift subject to Donor Restrictions can be an excellent way to help St. Luke's achieve a set of specific goals, where the donor's desire to help aligns with the goals of the parish. In the most common case, the church approaches one or more donors asking for funds to accomplish a specific goal in the very near future. In the less common case, a donor approaches the church, offering to fund something the donor believes would benefit the church. In both cases, the church and the donor agree on the goal and an amount estimated to be adequate to cover the cost. Usually, the church takes full operational responsibility for planning, sourcing, execution and any ongoing operational costs. The church may review detailed plans and progress reports with the donor, but retains the final decision-making authority. If it appears that actual costs will exceed donor provided resources, the church may request additional funding from the donor, or may modify the scope of the project (but not its core purpose). If the goal is reached and there are still funds available, they will become unrestricted funds for St. Luke's use subject to Vestry oversight. .

The vestry will approve acceptance of a restricted gift only upon a majority vote that the gift and its restrictions are

1. Clear, practicable, and adequate to reasonably assure achievement of the mutually agreed goal and timeline,
2. Consistent with the church's mission and vision, and
3. Not in substantial conflict with any other goals or plans of the church as approved by the vestry.

### **Restricted gifts to the operating budget**

There are occasions when a parishioner may want to support the operating budget beyond the amount of his/her annual pledge. That can be especially helpful for the parish in years where there is a budget shortfall, or where the parishioner wishes to make a special gift for current use. Such a gift is made just by designating the check as "General Fund" or "Current Year Budget".

However, if the parishioner wishes to support the current year's operating budget by contributing to a specific line item in that budget, or by contributing to support an action or expenditure not in the vestry-approved budget, the matter may be more complex. A key precept in church organization is that the vestry and the wardens are responsible for financial management of the church, including balancing resources with sometimes conflicting priorities for the use of budget funds. Well-intended parishioners making restricted gifts toward specific operating expenses can encroach upon the vestry's responsibility for resource allocation.

Therefore, restricted gifts above \$500 must be pre-approved by the vestry. Gifts that are donor-restricted to support a specific type of operating expense are held in a Restricted Special Fund until the supported expenditure is made.

A restricted gift has to be considered in light of these criteria:

- a. Is the donor's goal aligned with St. Luke's mission as a parish?

- b. Can the donor's goal be accomplished with the resources being offered?
- c. Will the parish incur any continuing cost related to the gift (maintenance, etc.)?
- d. Can the donor's goal be accomplished in a reasonable time frame, and will its achievement be clear enough to allow agreement that the project is complete?
- e. Will the benefits to the parish be widely seen, understood and accepted by the congregation?

If these conditions are met, the vestry will have the final decision on accepting the Restricted Special Gift and overseeing the work to achieve its purpose. The vestry reserves the right to decline any gift that does not further the mission of St. Luke's. Also, any gifts that would create an administrative burden or cause St. Luke's to incur excessive expenses may be declined.

***The Art of Living Your Faith means welcoming all to experience God through...***

***Worship*** Rooted in Episcopal liturgy and open to new ways of sharing our faith

***Community*** Building relationships, Respecting differences, Working together

***Outreach*** Guided by the Holy Spirit, we seek to serve Durham and North Carolina and the world

***Compassionate Caring*** Being with one another in both joys and sorrows

***Growing in Christ*** At all ages and stages

**Vision:** With God's love and law written in our hearts, and drawing from the well of Christ's living water, we strive to be Christ's hands and feet in the world.

**Mission:** Nurtured in Jesus, we welcome radically, serve gratefully, and love abundantly.