

SPOTLIGHT

2017 FOUNDATION HIGHLIGHTS

This past 2017 was a wonderful year to reflect on the Foundation's accomplishments...



Brenda Koehn
Administrative Assistant

The Foundation **co-sponsored with the Nebraska UM Foundation, The Great Plains Association of Retired Clergy and Spouses Retreat**, the guest lecture was Dr. Tex Sample.

The Foundation **sponsored the Saint Paul School of Theology's Five Day Academy for Spiritual Formation.**

The **Pathway for Discipleship Funds** are opportunities for individuals to make planned gifts or donations towards ministry. The Four Funds **Leadership Education Fund, Children/Youth Program Fund, Ministry and Outreach Grant Fund and Foundation Sustaining the Witness Fund** have been developed to allow individuals to exercise one's faith in order to exemplify God's Kingdom.



Lee Sankey
Director of Stewardship Services

The **Leadership Education Fund** for the first time, distributed the Foundation's first **\$10,000 in seminary scholarships awards in equal amounts for 22 seminary students.** We are always pleased to support students so that they may impact the future ministry within the Great Plains Annual Conference.

The **Pass the Torch Scholarship** provided by The Great Plains Association of Retired Clergy and Spouses award each year scholarship aid to seminary and course of study students through the Foundation. **A total scholarship of \$7,000 was awarded in various amounts to 9 seminary and course of study students.**

Gloria Markus, Director of Finance, was **selected to participate** in the **2018 Leadership Reno County** training experience for a cross section of community leaders.

Provided capital campaign services for **Hiawatha First UMC, McPherson First UMC and Arkansas City First UMC.**

Alan Herndon and Lee Sankey **presented or met with over 57 church leadership** throughout Kansas during 2017. When in the neighborhood, Alan and Lee would stop to say hello to **other pastors and church leaders** throughout the state.



Gloria Markus
Director of Finance and Communications

The Kansas Area United Methodist Foundation, Inc. ended the **2017 fiscal year with \$52+ million under management. The 2017 Year End Rate of Return** on funds invested in a 70% Equity/30% Fixed Income asset blend was **17.3%** thanks to the market and the Kansas Area United Methodist Foundation Investment Committee. As of end of February 2018, the Foundation has \$51+ million under management. *(Past performance does not guarantee future results.)*

As you reflect on your year, I hope it is met with as much joy and gratitude as the Kansas Area United Methodist Foundation has had reflecting on ours as we continue our ministry in 2018.

Thank you for living out the connectional system with your Foundation. We enjoy being your **"Partner in Ministry" to Sustain the United Methodist Witness.**



Alan D. Herndon
President and CEO

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2018 Tax-wise Strategies for Charitable Giving

The new 2018 tax reform legislation is in effect. If members of your church have questions about charitable giving and the new tax rules, provide them this newsletter as a resource. Below are a few ideas for making tax-wise charitable gifts under the new rules.

“Bunching”

In the next tax year (2018), a married couple claims the maximum property and state income tax deduction of \$10,000. This couple also paid \$7,000 in mortgage interest. They will need more than \$7,000 of additional deductions to exceed the new standard deduction of \$24,000. Their annual donations to their church and other charities total \$4,000. In December of 2018 they decide to pre-pay their 2019 church pledge of \$3,600. This allows them to itemize deductions in 2018 for a total deduction of \$24,600. In 2019, they will use the standard deduction. By “bunching” charitable gifts every other year, the couple can take better advantage of their deductions.



Donor Advised Fund

In keeping with the idea of bunching charitable gifts, the Donor Advised Fund is a great tool for even more significant bunching over longer periods of time. A Donor Advised Fund can be created at the Kansas Area United Methodist Foundation with an initial gift of at least \$10,000. Gifts of any size can be added to this fund at any time. When a gift is made to the Donor Advised Fund, it is a completed charitable gift. Consider that same couple opens a Donor Advised Fund and makes a gift to the fund of highly appreciated stock worth \$50,000. The gift is deductible up to 30% of the couple’s Adjusted Gross Income with an additional five years to carry forward any unused deduction. In subsequent years the couple can do their primary charitable giving with distributions from the Donor Advised Fund to their church and favorite charities. A Donor Advised Fund allows donors to make a charitable contribution, receive an immediate tax benefit and then recommend grants from the fund over time.



Appreciated Stock

The new tax law makes no changes to the Capital Gains tax. Therefore, all taxpayers can benefit from the capital gains tax savings of a charitable gift of appreciated stock. (The Foundation can process stock gifts for all Kansas United Methodist churches and organizations.) If a gift of stock also helps a donor exceed the standard deduction, then the income tax savings would accrue as described above.

IRA Charitable Rollover Gift

If you are over age 70 ½ and have a traditional IRA, you can direct your IRA administrator to make gifts to your church or favorite charity directly out of your IRA, up to \$100,000. This is a great way people can directly support their church. The distribution is not income to the donor and there is no tax deduction, but it counts toward the donor’s Required Minimum Distribution. The new tax law does not change these rules, but this option may be even more attractive if you do not need a deduction.

Your gifts make a difference
and giving can still benefit you!

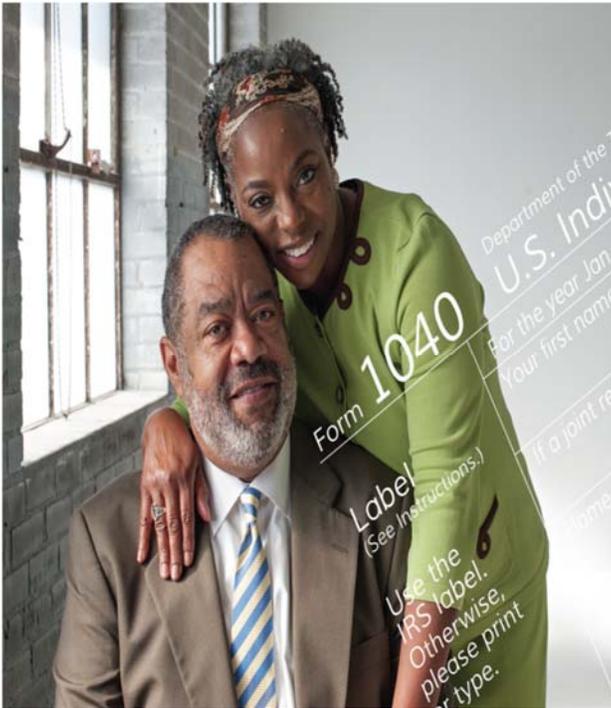
Certificate of Participation Rates

12 months—1.20%
24 months—1.50%

Effective as of March 1, 2018. Interest Rates for the Certificate of Participation investments are reviewed and adjusted on a monthly basis. For current rates, please visit www.kaumf.org.



Charitable Giving and the New Tax Rules



While tax laws have changed, there are still many ways you can make a gift to support your church or the Foundation to make a difference.

Even with the changes, **making a gift to your church or the Foundation can still provide benefits for you.**

Contact us to learn more about ways you can sustain your church's ministry or the Foundation this year.

NOTE: If there are no further changes to the law, then most of the changes impacting individuals will revert back in 2026 to the rules that were in effect in 2017. That includes the income tax rates, as well as the estate and gift tax exclusion amounts.

The purpose of this publication is to provide general information and is not intended as legal, accounting or other professional advice. For assistance with planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Tax dedications vary based on a variety of factors that may change and that may pertain to your unique situation.

Tax brackets for single filers

2017		2018	
10%	\$0–\$9,325	10%	\$0–\$9,525
15%	\$9,326–\$37,950	12%	\$9,526–\$38,700
25%	\$37,951–\$91,900	22%	\$38,701–\$82,500
28%	\$91,901–\$191,650	24%	\$82,501–\$157,500
33%	\$191,651–\$416,700	32%	\$157,501–\$200,000
35%	\$416,701–\$418,400	35%	\$200,001–\$500,000
39.6%	\$418,401 or more	37%	\$500,001 or more
Standard deduction:	\$6,350	Standard deduction:	\$12,000
Personal Exemption:	\$4,050	Personal Exemption:	Eliminated

BUSINESS INSIDER

Tax brackets for married taxpayers filing jointly

2017		2018	
10%	\$0–\$18,650	10%	\$0–\$19,050
15%	\$18,651–\$75,900	12%	\$19,051–\$77,400
25%	\$75,901–\$153,100	22%	\$77,401–\$165,000
28%	\$153,101–\$233,350	24%	\$165,001–\$315,000
33%	\$233,351–\$416,700	32%	\$315,001–\$400,000
35%	\$416,701–\$470,700	35%	\$400,001–\$600,000
39.6%	\$470,701 or more	37%	\$600,001 or more
Standard deduction:	\$12,700	Standard deduction:	\$24,000
Personal Exemption:	\$8,100	Personal Exemption:	Eliminated

BUSINESS INSIDER

DEDUCTIBLE EXPENSE:	2017	2018
Mortgage Interest	Fully deductible on housing debt up to \$1 million	Fully deductible on housing debt up to \$750,000
Home Equity Loan Interest	Fully deductible	NOT deductible
State & Local Taxes (income, property, sales)	Fully deductible	Deductible up to a maximum of \$10,000
Gifts to Charity	<p>Cash: Deductible up to 50% of AGI</p> <p>Property: Deductible up to 30% of AGI (unused amounts can carry forward up to five years)</p>	<p>Cash: Deductible up to 60% of AGI</p> <p>Property: Deductible up to 30% of AGI (unused amounts can carry forward up to five years)</p>





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THANK YOU



The Kansas Area United Methodist Foundation, Inc. continues to impact lives and ministries because churches and individuals like yourself believe in transforming the world. Change allows for growth in the life of an organization. In 2014, I was hired as the President and CEO of the Foundation to strengthen the Foundation's presence and partnership with our Kansas churches, individuals and agencies.

The Foundation has increased assets under management, co-sponsored events with the Nebraska United Methodist Foundation, expanded our offering of Certificates of Participation program into Nebraska, increased the Foundation's partnership in ministry with local churches, and established the *Pathways for Discipleship Funds* so that individuals may have an option to continue to influence future ministries in the Great Plains Conference. The Foundation has an excellent staff in place, as well as comprehensive asset management and stewardship development programs, to continue to provide quality service to our churches and individual donor base.

I want to say *Thank You* to those individuals and churches who continue to be a part of our connectional system. For those who still believe in the purpose of sustaining the United Methodist Witness for future generations, *Thank You*. I have met a plethora of talented individuals that shared their faith and love for their church and community that will transform the world by their legacy giving, *THANK YOU!*

My future plans will be working with the Oklahoma United Methodist Foundation, with a focus on strengthening planned giving for Oklahoma City University, my alma mater. I plan to continue my work with the Kansas Area United Methodist Foundation through April 30, 2018. The Foundation has an excellent staff in place to continue being the partner in ministry for our local churches.

Thank You all for partnering with your Kansas Area United Methodist Foundation to make sure your church's ministries continue to transform the world.

THANK YOU - Alan D. Herndon, President and CEO

