



“How Do You Wish Your Gift to be Used?”

I visited the couple in their new retirement center so that they could both add their signatures to the contract for the charitable gift annuity they had purchased. Funded in part with the proceeds of the sale of their home, this annuity would provide them with a dependable lifetime income, a fixed amount that would not vary with changes in interest rates or the vagaries of the stock market. Upon their deaths the annuity would result in a very generous gift to their parish. But one question was still unanswered.

“How would you like your gift to be used?” I asked them. They had not yet given thought to this question. “There are basically two different questions to be considered,” I proposed. “The first is, ‘Do you wish your gift to be used for the general purposes of the parish, or for some specific purpose such as outreach ministry or youth or education or music?’”

“The second question is, ‘Do you wish your gift to be available for direct expenditure, or do you wish it to be part of a permanent endowment, in which case the principal will be preserved permanently and only the income may be spent?’”

There are advantages and disadvantages to either choice. Direct expenditure permits the vestry and rector to spend the gift immediately on whatever seems most important at that moment. The endowment alternative, on the other hand, preserves the gift and provides an annual stream of income in perpetuity. (This income is generally 4% or 5% of the value of the gift, as a greater payout would eventually diminish the inflation-adjusted value of the gift.)

Sometimes the source of the assets used for the gift suggest a use. For example, when a priest wished to fund her annuity with stock that had come to her through her aunt who had received it from her father, I proposed that such a multi-generational asset might appropriately fund an endowment that would provide income for successive generations to come.

Whether your planned gift is a bequest from your will or trust, the remainder from a retirement plan, an insurance policy or an annuity, you have the same options. It is well to explicitly state your wish for how you wish your gift to be used in a letter to its intended recipient or in the gift instrument (will, trust, etc.) itself.

It is also prudent to allow that for some alternative similar use if the originally intended purpose no longer exists. For example, one parish received a large bequest to be used only for church bells—but the codes of that municipality now prohibit public bells. Thus, the gift languishes unused. Allow for some flexibility in the designated use of the gift!

Give generously and give wisely. Children yet unborn will be blessed by your faith and your love.

The Rev. Richard L. Schaper, CFP
Gift Planning Officer
Episcopal Diocese of California

(415) 869-7812
RichardS@DioCal.org
Gifts.DioCal.org