

Christian Estate and Financial Planning

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A KEY ESTATE PLANNING GUIDE

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Christian Estate and Financial Planning

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Additional Comment

- If there are any errors in how the Christian faith is portrayed please email shenkman@shenkmanlaw.com and I will correct the materials and recirculate them.
- We are planning webinars on many other religions. If you wish to assist on any, please email me and let me know.
- For a recording and materials on planning for Religion and Estate Planning generally, see www.shenkmanlaw.com/webinars.

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Some General Thoughts

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Religion in America

- Christianity is the most adhered to religion in the United States, with 75% of polled American adults identifying themselves as Christian in 2015. This is down from 85% in 1990.
- https://en.wikipedia.org/wiki/Christianity_in_the_United_States Newport, Frank (25 December 2015). "Percentage of Christians in U.S. Drifting Down, but Still High". Gallup. Retrieved 5 March 2017 and "America's Changing Religious Landscape". Pew Research Center: Religion & Public Life. May 12, 2015.
- 68% of Christians say their faith is "very important" to them.
- <https://www.pewforum.org/religious-landscape-study/christians/christian/>

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Should an Attorney Address Religious Considerations?

- Many practitioners are reluctant to address religious issues, viewing them as outside of the purview of matters appropriate for an attorney or estate planner. The tremendous impact which religious rituals and traditions can have on each estate planning document, and many of the common estate planning techniques, practically assures that important personal goals of the religious client will be violated if the planner does not address them. No practitioner would knowingly violate a client's religious wishes.
- As you seek out and address client's religious and other personal wishes, you will create a bond with them that will take the relationship beyond that of being as mere Scribner or consultant, to that of being a confidant and family adviser. The rewards of providing that level of personal service, and the strengthened client bonds, will enhance your practice, client retention and more.

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The Goal of Estate Planning

- Estate Planning should not be just about the transmission of wealth.
- Estate planning should be about the transmission of their Christian values.
- For many, it should encompass the transmission of beliefs as well as values. This can be done by integrating Christian religious considerations into the estate planning process.

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Do Clients Care about Religious Considerations?

- It seems that too few estate plans address any aspect of religion.
- This inadequacy has tremendous personal impact. No area of the law is more fraught with religious issues than estate planning.
- If you endeavored to live your life in conformity with your Christian religious beliefs, then your final medical decisions, funeral arrangements and distributions under your will, should be consistent with those beliefs.

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Areas of Estate Planning Impacted by Christian Religious Considerations

- Charitable giving.
- End of life medical decision making.
- Burial, funeral and post death arrangements (rituals, autopsies, etc.)
- Transmitting religious values to children and other heirs.
- Disposition of assets on death.
- Fiduciaries need authority to disburse funds for religious education (e.g. supplemental religious education, or private school), religious travel (pilgrimages to holy sites), charitable giving (to inculcate a core religious value), and other purposes consistent with religious goals.
- Fiduciaries must be selected that have the appropriate knowledge and sensitivity to address religious issues.
- Ethical and miscellaneous issues (disinheritance, in-terrorem clauses, mandatory arbitration of certain claims before a religious body, charging of interest, investment standards, etc.)
-and more.

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Every Aspect of Planning Can be Imbued with Christian Religious Considerations

- Each aspect of your financial, retirement, insurance, death (dispositive scheme) and post-death (e.g., trusts for heirs) planning can all be imbued, to the extent you wish, with the same Christian religious values that you live now.
- This process will not require a different type of financial plan, or a unique type of legal document, merely a bit of tailoring, a little dab, to each step and document in the traditional or typical estate planning process.
- Small changes, however, can make a tremendous impact to you, your faith and the organizations you are involved with, causes you believe in, to your family and your heirs.
- Each change can be planned and implemented to be consistent with your particular Christian beliefs and wishes.

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Is there "Christian" Estate and Financial Planning?

- All the same steps as general planning, but...each step can be tailored to infuse your Christian religious values.
- Generally - Infuse your Christian values into each step and document.
- Budget and Financial Plan – reflect your values in consumption decisions, annual allocation to charity, reflect your role as a steward of God's wealth.
- Power of Attorney - Authorize agent to tithe if you do. Authorize support of people you are helping.
- Will – name a guardian who will raise your children with your values, charitable bequests with a statement of the importance to educate heirs. Distribute assets to charity and children to achieve your religious as well as personal objectives.
- Living Will/Health Proxy - Selecting health care agents sensitive to your views. Direct your named agents to follow Christian view in your living will and health proxy.
-these and other points will be explored in more detail below.

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Letters of Instruction

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Letters of Instruction

- A letter of last instruction should be written to family and loved ones addressing Christian religious matters.
- A separate letter should be written to any institutional trustee. This will enable you to communicate your feelings in your own words.
- Description of your Christian religious faith.
- What type of funeral is desired? (see below).
- What type of mourning process should be observed?
- Which Christian religious customs, if any, should govern?
- What about guidance for those that you leave behind? What type of life do you want your children or grandchildren to lead? Do you want them brought up with a Christian religious value system?
- Even if you state that you want Christian beliefs adhered to there are variations of beliefs and customs. Provide guidance to your heirs.

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Christian Estate and Financial Planning

Living Wills and Health Proxies

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Living Wills and Health Proxies - Overview - 1

[Redacted]

- Be wary of standard forms that violate your religious beliefs.
- What is defined as death? This has been a vital issue in many highly publicized cases and is fraught with controversy and complexity. Specify specific beliefs about this.
- Can your agent ever withhold nutrition and hydration without violating your Christian religious precepts?
- Does quality of life have any relevance in light of your personal religious beliefs? Define with detail what quality of life might suffice to justify heroic measures even if you are terminally ill.
- Can or must certain medical procedures be avoided?
- Can your organs be donated?

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Living Wills and Health Proxies - Overview - 2

[Redacted]

- What of funeral and burial customs?
- Should maximum pain relief be tempered to preserve some consciousness to enable you to partake in end of life rituals?
- What religious end of life requests do you have?
- What type of memorial or monument, if any, should be used?
- **Religious Statement:** *I wish to condition the effectiveness of this directive upon its conforming to Christian religious doctrines and beliefs to which I subscribe. In order to effectuate my Wishes, if any question arises as to the requirements of my religious beliefs, I authorize my Agent to seek the guidance of a Pastor [name or a church from which a pastor can be selected].*

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Living Wills and Health Proxies - 3

[Redacted]

- The following is a more detailed general statement that might be considered.
- **More Detailed Religious Statement:** *"The well-informed, loving local body of Christ can be a vital means of life support. If I am very ill, whether or not terminal, it is my wish that the Christian community—pastoral counsel, godly friends, chaplains, the local church—serve to the extent feasible as a guiding force during my illness and especially towards the end of my life. A loving surrogate, if I have designated a health care agent in a separate document, and if not those assisting in my care, empowered by pastoral counsel, prayer, the Holy Spirit, medical information, and knowledge of my wishes will be my safe hope."*

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Living Wills and Health Proxies - 4

- The focus of many living wills is to communicate a desire of the signer not to have heroic medical measures taken in extreme circumstances. The definitions of the terms like what constitutes "heroic" measures what are "extreme" and how should those and other terms be interpreted in accordance with your Christian faith? You should provide guidance in your document as to all these essential concepts. Also, be very careful not to assume any "form" comports with either your personal or religious wishes. Be certain to read and modify any language to conform it appropriately.
- **More Detailed Heroic Measures Statement:** *"No Heroic Measures" in accordance with Christian Traditions and Beliefs. I expressly request that all decisions be made within the moral framework of Christian traditions. If I have an incurable or irreversible, severe mental or severe physical condition; am in a state of permanent unconsciousness or profound dementia; am severely injured; and in ...any of these cases there is no reasonable expectation of recovering from a severe, permanent condition, and regaining any meaningful quality of life, then in any such event, it is my desire and intent that ..."*

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Living Wills and Health Proxies - 5

- *...heroic life-sustaining procedures and extra-ordinary maintenance or medical treatment as understood in accordance with Christian moral traditions, may be withheld and withdrawn. It is not my desire to prolong my life through mechanical means where my body is no longer able to perform vital bodily functions on its own, and where there is little likelihood of ever regaining any meaningful quality of life. The condition and degree of permanent illness, injury, disability or accompanied by pain such that the average Catholic person might contemplate, in the moral tradition of the Church, the decisions addressed herein (regardless whether such person would make the decisions I have made herein). In any such event, I direct all physicians and medical facilities in whose care I may be, and my family and all those concerned with my care, to refrain from and cease extraordinary or heroic life-sustaining procedures and artificial maintenance and/or medical treatment, as understood in a manner that is consistent with Christian moral traditions. The procedures and treatment to be withheld and withdrawn include, without limitation, surgery, antibiotics, cardiac and pulmonary resuscitation, ventilation or other respiratory support."*

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Living Wills and Health Proxies - 6

- **General:** The agent named in your health care proxy should agree to implement the Christian religious wishes you outlined in your living will. In states where a living will is not recognized, this instruction to your agent in the form of a living will can still be done, but the agreement to adhere to it may be morally rather than legally binding.
- **POLST:** What if you have a terminal illness? Can you instead rely on a POLST – Physician Order for Life Sustaining Treatment? Can that be modified to reflect your Christian religious wishes or refer/incorporate your living will? Be careful as forms differ by state and do not reflect religious values in many of the questions.
- **Pregnancy:** Pregnant women should carefully address the issues of pregnancy in a living will since considerations of mother versus fetus are important to consider.

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Living Wills and Health Proxies – Pain Relief - 7

- **Pain Relief:** Many people and health care providers view the alleviation of all pain to be an essential and critical goal. But how this is handled and how it is worded in legal documents can have important religious implications.
- **Christian Sample Pain Relief Provision:** From a Christian perspective, how should the provisions of pain relief, a possible desire for mental clarity to participate in end of life decisions or prayer, and these decisions be dealt with? Consider: *"I wish to have pain relief to the extent permissible in accordance with Christian religious principles. I wish that all treatment and measures for my comfort, and to alleviate my pain, be continued, so long as they do not actively hasten the onset of death. I recognize that the alleviation of suffering is a value in the Bible, but that the Bible also points out suffering's redemptive nature. I request that discretion be used to balance these objectives to the extent feasible."*

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Living Wills and Health Proxies – Nutrition and Hydration - 8

- Include a general statement of your Christian beliefs in the introductory ("recital") clauses of your living will in order to establish a general framework.
- Should the definitions of "heroic" measures and other key terms be in accordance with your Christian faith?
- **Christian Sample Nutrition Hydration Provision:** *"Generally I do not believe that the Bible permits the withdrawal of nutrition and hydration and as such, the presumption for my care should be not to withdraw nutrition or hydration unless that decision and its implementation are both confirmed as within the spectrum of Christian religious beliefs. By way of example and not limitation if I am in a persistent vegetative state, and it is determined that it is acceptable to withdraw tube feeding, efforts should be made to feed me food and fluids by mouth so that withdrawal of the tube feeding is not a per se active step to terminate my life."*

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Living Wills and Health Proxies – Organ Donations - 9

- How should the issue of organ donations be addressed? *"To exit the body is to be present with the Lord."* 2nd Corinthians 5:8.
- Once death occurs, there is no attachment or religious restriction against organ donation, it is a personal preference. It is permissible in accordance with some Christian beliefs to donate a body for science. The cessation of brain stem function, as a definition of death, is acceptable under some Christian doctrine. If so, there should be no issue of harvesting organs. This entire area is subject of many different views.
- Be certain to review these issues and modify your document accordingly. If you believe it is acceptable to be an organ donor also sign an organ donor card.

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Living Wills and Health Proxies – Funeral/Burial - 10

- Be certain to address funeral and burial decisions. Don't assume that your family "knows." Too often in the emotional turmoil of the loss of a loved one different people remember different things and there are few more emotionally charged issues over which conflict should be avoided than how or where to bury a loved one. The Bible does not specify details about cremation and caskets. God will reform the body in the second resurrection.
- Consider the following as one of several provisions that you might add to your living will: *"I do not wish my family to incur exorbitant costs on my funeral. My belief is that following my death I will be with the Lord and therefore my family should take whatever measures for my funeral, burial and other arrangements that provide them the most solace, including a religiously appropriate funeral ceremony, that are financially reasonable."*

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Christian Estate and Financial Planning

Powers of Attorney

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Powers of Attorney - 1

- Christian values encourage and promote charitable giving. If you have been charitable during your lifetime and would wish such charitable giving to continue, or even if you have not but would like charitable giving to be a factor considered in your last days, enabling an agent under a durable power of attorney to make charitable gifts on your behalf in the event of your disability or incapacitation is essential. Otherwise, no one may have access to your funds to do so.
- *"My agent may consider continuing my historical pattern of charitable giving to charities I have previously made gifts to, and in amounts not in excess of those I have previously given. I suggest but do not require that the agent endeavor to continue annual gifts that have been part of my regular charitable donations."*
- *"While I have traditionally tithed 10% of earnings to [List charities], I suggest that my agent continue to do so if feasible, but that in making such determinations my agent also consider the financial impact of continuing such tithing in light of my changed financial condition if I am incapacitated."*

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Powers of Attorney - 2

- Consider a statement of values concerning the manner in which support should be provided consistent with your Christian value system.
- Similar provisions should be included in a revocable trust if you use that document in your plan.
- If children or grandchildren are to be aided with a Christian religious education you may wish to expressly provide your agent with the authority under your power of attorney to pay such expenses. Addressing this in your will is important, but may alone may not suffice in many situations. If paying for grandchildren's religious education is an important objective, then specifying the authority for such gifts and expenditures in your power of attorney is likely to be advisable as well.

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Christian Estate and Financial Planning

Christian Values and Wills

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Will - 1

- It is often common for many people to provide for some type of continued remembrance in their will through a donation or contribution to perpetuate their memory. This might include payments for perpetual grave site maintenance, donation to a Christian religious organization for annual or other periodic rites in your memory to be carried out.
- If you create trusts for heirs (which is often advisable) be certain to name trustees that also share your Christian views of wealth and consumption. Consider including the right for the trustees to distribute money to your heirs so that the heirs can make charitable gifts. If this is not expressly provided for it may not be feasible for the trustees to do so.
- If you have family, friends or others you have helped financially you might continue to provide for them after your death by creating what is often referred to as a sprinkle or "spray" trust. This is a trust with various beneficiaries and the trustees are authorized to make distributions among the class of beneficiaries in their discretion. This class of beneficiaries perhaps should also include charities.

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Will - 2

- Some hope for their descendants to follow in their Christian lifestyle. How far you wish to go to assist them can be reflected in your will. For example, you could specifically authorize the payment of private school education, if and only if it is for a Christian religious denomination for grandchildren.
- Some people have gone so far to have even tied bequests to a descendant marrying within their faith. Great care, however, must be exercised in this type of planning. If you are seeking to encourage someone to follow a particular religious path, this stick is not always the best approach. If descendants stray from the path hoped for, threatening them with disinheritance may only encourage their never returning. A more effective long-term approach might be to instead bequeath the descendant a full inheritance in trust, with a trustee who is sensitive to the parent's Christian religious feelings, and the child's situation, to distribute funds in a positive way. For example, paying the child's expenses to attend family functions, holiday celebrations and the like may heal strained family relations.

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Will - 3

- **Example:** Add to your will a bequest to an organization that has been to your life, or which embodies the values you hold dear. *"I give and bequeath \$10,000 to ABC Church." Making a charitable bequest to a Christian organization is a wonderful way to demonstrate the importance of charitable giving, Christian values, priorities and more for your heirs. But, with a modicum of additional effort you can perhaps emphasize those values even more. What if the will included the bequest written in the following manner: "I give and bequeath \$10,000 to ABC Church to demonstrate to my children the importance of the Christian value of charity, and the importance of the Church in my life, with the hopes that each of my children establish a similar bond with the Church."*
- Write a letter of final instructions, often referred to as an ethical will, to your heirs. Explain to them your connection with the Church, how the Christian concept of stewardship over assets is carried out by making a bequest in your will to compliment the philanthropy during your lifetime. An ethical will can complement and expand on a simple bequest in your will to create a profound educational point for your heirs.

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Christian Estate and Financial Planning

Use of Trusts

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Use of Trusts - 1

- As a general rule any asset that can be given or bequeathed should be gifted or bequeathed in trust to provide creditor and predator protection, income tax planning opportunities and transfer tax avoidance. But is there a biblical view of the use of trusts? Perhaps. Consider the Parable of the Lost Son, which provides a caution about unfettered gifts (or bequests) of wealth:
- 11 Jesus continued: *"There was a man who had two sons. 12 The younger one said to his father, 'Father, give me my share of the estate.' So he divided his property between them. 13 'Not long after that, the younger son got together all he had, set off for a distant country and there squandered his wealth in wild living. 14 After he had spent everything, there was a severe famine in that whole country, and he began to be in need. 15 So he went and hired himself out to a citizen of that country, who sent him to his fields to feed pigs. 16 He longed to fill his stomach with the pods that the pigs were eating, but no one gave him anything..." Luke 15:11-32*

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Use of Trusts - 2

- No one can be sure which child (or other heir) will squander funds to his or her detriment. Not all stories of squandered wealth end with a reunion. In the worst of cases the excess wealth can be directed to fund alcohol or drug abuse, and result in the child winding up in prison or worse. A trust, with checks and balances on distributions and use of funds, can not only preserve wealth, but preserve the child. A trustee can be encouraged in personal discussions, a side letter of instruction and/or the terms of the trust instrument itself, to foster and encourage the lifestyle you want for your descendants.
- Does the Bible actually encourage the use of trusts? Consider *"A good person leaves an inheritance for their children's children..."* Proverbs 13. The optimal way to leave an inheritance for grandchildren and later descendants is to create a trust for your children and all future descendants to protect and transmit wealth down the generational lines.

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Christian Estate and Financial Planning

Religion and Vacation Home Agreements

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Vacation Home Tenants in Common Agreement- 1

- **Example:** Three children are bequeathed (or jointly purchase) a beach house for shared use. A tenants in common agreement governing the use of a vacation home is prepared. In addition to the usual issues concerning repair and maintenance, financing, sale, etc. However, religious sensibilities can be important in such an agreement.
- **Consider:**
 - Rotation of dates of use considering religious holidays (e.g., family A gets Christmas usage every third year).
 - A dispute resolution mechanism can be included that respects religious sensibilities (e.g., a provision reflective of the Christian faith's views).
 - Should gambling or other activities be prohibited?

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Christian Estate and Financial Planning

Financial Planning

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Christian Financial Planning

- How you spend money, the allocation to charitable purposes, religious education for children and more, can all have a significant impact on your budget. Relying on general estimates for expenses may miss the mark.
- *19 "Do not store up for yourselves treasures on earth, where moths and vermin destroy, and where thieves break in and steal. 20 But store up for yourselves treasures in heaven, where moths and vermin do not destroy, and where thieves do not break in and steal. 21 For where your treasure is, there your heart will be also." Matthew 6:19-21.*

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Financial Planning – Story of Talents - 1

- The famous biblical story of the talents provides a framework for beginning to consider the responsibilities of Christian financial stewardship, and estate planning:
- 14 *"For it will be like a man going on a journey, who called his servants[a] and entrusted to them his property. 15 To one he gave five talents, to another two, to another one, to each according to his ability. Then he went away. 16 He who had received the five talents went at once and traded with them, and he made five talents more. 17 So also he who had the two talents made two talents more. 18 But he who had received the one talent went and dug in the ground and hid his master's money. 19 Now after a long time the master of those servants came and settled accounts with them. 20 And he who had received the five talents came forward, bringing five talents more, saying, 'Master, you delivered to me five talents; here I have made five talents more.'*

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Financial Planning – Story of Talents - 2

- 21 *His master said to him, 'Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master.'* 22 *And he also who had the two talents came forward, saying, 'Master, you delivered to me two talents; here I have made two talents more.'* 23 *His master said to him, 'Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master.'* 24 *He also who had received the one talent came forward, saying, 'Master, I knew you to be a hard man, reaping where you did not sow, and gathering where you scattered no seed, 25 so I was afraid, and I went and hid your talent in the ground. Here you have what is yours.'* 26 *But his master answered him, 'You wicked and slothful servant! You knew that I reap where I have not sown and gather where I scattered no seed? 27 Then you ought to have invested my money with the bankers, and at my coming I should have received what was my own with interest. 28 So take the talent from him and give it to him who has the ten talents.'*

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Financial Planning – Story of Talents - 3

- 29 *For to everyone who has will more be given, and he will have an abundance. But from the one who has not, even what he has will be taken away. 30 And cast the worthless servant into the outer darkness. In that place there will be weeping and gnashing of teeth.'* Matthew 25:14-30
- Each manager was given certain wealth to steward while the owner was gone. The decision as to how much wealth was given was the masters, not the servants. Nonetheless each had an obligation to prudently handle all that he was entrusted. This can be viewed as each of us is given certain wealth to steward during our lifetime. The parable makes it quite clear that it was the responsibility of each manager to handle the funds he was entrusted prudently. It is also clear that for each of us, just as for each manager, the period of stewardship will come to an end and we will each account for how we handled the wealth entrusted to us during our lifetime.

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Financial Planning – Story of Talents - 4

- That final accounting may well be viewed as the final dispositions of wealth through estate planning. How have and will we give our wealth away during our lifetime? How will we give away our wealth at death?
- Perhaps there is another message about planning in the parable. We each must use, perhaps literally, our talents (money, and literally "talents"), wisely. And perhaps an estate plan should guide and encourage our descendants to use their talents wisely.

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Financial Planning and Religion

- The Bible recounts Pharaoh's disturbing dreams: *"Then it came to pass, at the end of two full years, that Pharaoh had a dream; and behold, he stood by the river. Suddenly there came up out of the river seven cows, fine looking and fat; and they fed in the meadow. Then behold, seven other cows came up after them out of the river, ugly and gaunt, and stood by the other cows on the bank of the river. And the ugly and gaunt cows ate up the seven fine looking and fat cows. So Pharaoh awoke. He slept and dreamed a second time; and suddenly seven heads of grain came up on one stalk, plump and good. Then behold, seven thin heads, blighted by the east wind, sprang up after them. And the seven thin heads devoured the seven plump and full heads. So Pharaoh awoke, and indeed, it was a dream."* Genesis 41 - 1-7.

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Financial Planning and Religion

- Joseph later interpreted Pharaoh's dream and based on that interpretation grain houses were established and grain was stored during bountiful years for future use during lean years. This simple recipe for wealth building and financial security is lost on much of the American public.
- The American culture, and in particular advertising, pushes consumption and especially conspicuous consumption of products and services that often are superfluous at best. If your goals include financial security for your later years, passing wealth on to children to help them live the life you wish for them, and supporting charities and causes important to you, investing well is only half the equation. The other half is intelligent consumption, controlling your expenses and living within a budget that is appropriate not only for your means, but for your goals.
- Controlling spending, your "burn rate" is a critical component to financial security, creating wealth and being able to achieve your financial goals. A large part of budgeting well is making decisions as to expenditures, differentiating between "wants" and "needs."

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Christian Stewardship

- The concept of stewardship stems from a simple premise: *"The earth is the Lord's, and everything in it."* Psalms 24:1. We are not the owners of wealth, merely the stewards of it for the time we have.
- *17 You may say to yourself, "My power and the strength of my hands have produced this wealth for me." 18 But remember the Lord your God, for it is he who gives you the ability to produce wealth, and so confirms his covenant, which he swore to your ancestors, as it is today.* Deuteronomy 8:17-18.
- You have or will spend much of your lifetime accumulating wealth. Accumulating wealth certainly should be achieved with due regards to your Christian values. Every component of your financial life can be intelligently planned and can also be implemented in a manner consistent with your values.
- Consider: Legitimate earnings from activities that are consistent with your values - robbing a bank to build your wealth hardly seems an ideal track.

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Christian Financial Planning

- Budgeting - do you spend your income in a manner consistent with your values? Investing – you can also invest in mutual funds that are consistent with your religious, social or other values?
- How you ultimately dispose of or distribute the wealth you have accumulated during your lifetime is the final act of proper Christian financial stewardship and should be done with as much care and attention as you marshalled to accumulate your wealth. This includes gifts during your lifetime (to family, friends and charity), and how your assets are distributed on your death.
- Christians have received riches of God's grace, and are to respond with generosity and giving. Christians are called to a life of service, sharing and stewardship. We have an obligation to do good. When we give ourselves to the Lord, we will give generously. Jesus often taught about money. *"Sell everything you have and give to the poor, and you will have treasure in heaven. Then come, follow me,"* said Jesus to a rich man (Luke 18:22).

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Christian Financial Planning

- How might Christian values affect trust distributions, budgeted expenditures, etc.?
- *"For we brought nothing into the world, and we can take nothing out of it. But if we have food and clothing, we will be content with that."* Timothy 6:7-8. What is in your budget?

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Christian Estate and Financial Planning

Life Insurance

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Life Insurance

- Use life insurance to fund a charitable bequest to demonstrate support for an organization important to you. If the charity owns a permanent policy and is the beneficiary the value will grow as an asset for the charity every year. You will get a tax deduction every year. The annual cost relative to the commitment is modest.
- Use life insurance to support those you are responsible for.

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Christian Estate and Financial Planning

Investment Planning and The Prudent Investor Act

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Investment Provisions and IPS - 1

- "The duty of loyalty requires the trustee to act exclusively for the beneficiaries---no form of 'social investing' is consistent with the duty of loyalty if the investment activity entails sacrificing the interests of trust beneficiaries – for example, by accepting below-market returns – in favor of the interests of the persons supposedly benefited by pursuing the particular social cause."
- What the above comment means practically is that if a testator or grantor wishes a Christian method of investing, he or she must carefully word the governing instrument to make this an exception to the Prudent Investor Rule.

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Investment Provisions and IPS - 2

- For many people, maintaining a portfolio which is consistent with their underlying social morals is important. However, this may not always be reconcilable with a Prudent Investor Standard. For example, is it still feasible to use index funds if those indices would include investments which violate the social goals? Presumably, the universe of appropriate investments would be narrowed to exclude those investments which are inappropriate. Thus, a more personalized portfolio may have to be developed. If this occurs, it may affect the fees which can be charged.

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Investment Provisions and IPS - 3

- Similar to the issue of socially responsible investing is the matter of investing in accordance with a prescribed religious standard. Each of the issues raised in the preceding slides concerning socially responsible investing must be addressed where a religious standard applies.
- Can a fiduciary invest in a manner under the Prudent Investor Rule that is consistent with both the rule and the religious beliefs of the grantor, testator, or beneficiaries?

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Christian Estate and Financial Planning

Charitable Giving

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Charity – Comments from Pastor Chris - 1

- Some Christians say they believe in God with their heart but never with their pocketbook.
- Protestant reformer Martin Luther said, "There are three conversions a person needs to experience: The conversion of the head, the conversion of the heart, and the conversion of the pocketbook."
- Money is such an important topic in the Bible that it is the main subject of nearly half of the parables Jesus told. 1 of 7 verses in the New Testament deals with this topic.
- The Bible offers 500 verses on prayer, fewer than 500 verses on faith, and more than 2,000 verses on money.
- 15% of everything Jesus ever taught was on the topic of money and possessions — more than His teachings on heaven and hell combined.

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Charity – Comments from Pastor Chris - 2

- Why such an emphasis on money and possessions? There is a fundamental connection between our spiritual lives and how we think about and handle money.
- When Zacchaeus the tax collector converted, he wanted to right his wrongs. He declared to Jesus that he would give half his possessions to the poor and would pay back four times the amount he had overcharged anyone on their taxes. Zacchaeus' encounter with Christ affected every aspect of his life, including his pocketbook.
- We might recoil from any teaching on money, because such teaching is sometimes abused and used for personal gain. But we need to get a proper biblical perspective on this important subject. Let's consider the words of Jesus in Matthew 6:
- *"Take heed that you do not do your charitable deeds before men, to be seen by them. Otherwise you have no reward from your Father in heaven..."*

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Charity – Comments from Pastor Chris - 3

- *...Therefore, when you do a charitable deed, do not sound a trumpet before you as the hypocrites do in the synagogues and in the streets, that they may have glory from men. Assuredly, I say to you, they have their reward. But when you do a charitable deed, do not let your left hand know what your right hand is doing, that your charitable deed may be in secret; and your Father who sees in secret will Himself reward you openly."* (Matthew 6:1-4 NKJV).
- The heart of the matter is a matter of the heart. Over and over again, our Lord comes back to motive, and He addresses it here when He speaks of giving.
- Every believer should be giving a portion of his or her finances to the Lord on a regular basis, but it should not be done in an ostentatious way or in a manner that would draw unnecessary attention. When people want to be noticed because of their giving, they want others to think they are more spiritual than they really are. This is hypocrisy.

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Christian View of Wealth and Charity - 1

- Christians have received riches of God's grace, and are to respond with generosity and giving. Christians are called to a life of service, sharing and stewardship. We have an obligation to do good. When we give ourselves to the Lord, we will give generously. Jesus often taught about money. *"Sell everything you have and give to the poor, and you will have treasure in heaven. Then come, follow me,"* said Jesus to a rich man (Luke 18:22). He said the same thing to his disciples (Luke 12:33). The new covenant demands all that we have, and that is fair, since Jesus gave all he had for us. He praised a widow who put two coins into the temple treasury, because she gave *"all she had"* (Luke 21:4).

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Christian View of Wealth and Charity - 2

- Wealth is often an enemy of faith. It can "choke" people and cause them to be spiritually unfruitful (Luke 8:14). *"Woe to you who are rich,"* Jesus warned (Luke 6:24). He warned us about the dangers of greed (Luke 12:15) and warned about the danger of storing up wealth for self without being *"rich toward God"* (Luke 12:16-21). When we use wealth to help others, we gain *"treasure in heaven"* (Luke 12:33). This helps us have our heart in heavenly things instead of earthly, temporary things (Luke 12:34).

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Making a Charitable Statement

- Add to your will a bequest to an organization that has been to your life, or which embodies the values you hold dear. *"I give and bequeath \$10,000 to "NAME-OF-ORGANIZATION." Making a charitable bequest to a religious organization is a wonderful way to demonstrate the importance of charitable giving, religious values, priorities and more for your heirs. But, with a modicum of additional effort you can perhaps emphasize those values even more. What if the will included the bequest written in the following manner: "I give and bequeath \$10,000 to "NAME-OF-ORGANIZATION to demonstrate to my children the importance of my Christian religious value of charity, and the importance of the "ORGANIZATION in my life, with the hopes that each of my children establish a similar bond with the Church."*
- Write a letter of final instructions, often referred to as an ethical will, to your heirs.

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Christian View of Charitable Giving

- *"I...give a tenth of all I get."* Luke 18:12. How much do you want to give to charity each year? How much on your death? Some use a 10% figure based on the Biblical concept of tithing. But a tithe was, according to some views, a percentage of income, of a year's agricultural crop. It was not correlated to principal or wealth.
- But consider: *"Every tithe of the herd and flock—every tenth animal that passes under the shepherd's rod—will be holy to the Lord."* Leviticus 27:32. Thus, some choose to give more, much more.
- Another approach used by many is to treat charitable causes as an additional child. If they have four children they divide their estate into fifths, giving each child one-fifth and the charitable causes they wish to support the final fifth.
- Consider: *"Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver."* 2 Corinthians 9:7.

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Christian View of Charitable Giving

- Budgeting - do you spend your income in a manner consistent with your values? Are you overly influenced by ad campaigns and other "values?" Do you budget for charitable causes, whether as a tithe or perhaps larger donation?
- What is your obligation as a Christian steward to divide your estate as between loved ones and charity?

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Christian Estate and Financial Planning

Conclusion

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Conclusion

- A surprisingly large number of Christian clients want some aspects of their Christian faith reflected in their financial, charitable, estate and related planning.
- If advisers would both ask and explain that there are broad implications more clients would wish these matters to be addressed.
- The changes required often only require a minor effort in terms of drafting but can have a profound impact on heirs and others.
- As advisers seek deeper connections with their clients, and ways to differentiate their services from commoditized or "robo" versions, addressing Christian religious values for Christian clients presents a means to accomplish just that.

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Questions or Comments

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CLE Credits

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