

LEAVING A LEGACY

FOR MOUNT OLIVET MINISTRIES
2020





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LEAVING A LEGACY

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A Message from Pastor David Lose

*Each of you should use whatever gift you have received to serve others,
as faithful stewards of God's grace in its various forms.* 1 PETER 4:10

Of all the many gifts my parents gave me and my siblings, perhaps the most important was the belief that we are placed on this earth to serve others. I don't know how many times my parents reminded us of Jesus' words, "to whom much has been given, much is expected" (Luke 12:48) or shared the affirmation found across the Bible that, "we are always blessed to be a blessing to others" (Genesis 12:2). Over the years, those scripturally-based words stuck, and my four siblings and I have tried to live our lives accordingly.

As I grew older, I realized that the blessings we share with others do not have to end even at death. In fact, one of the most significant opportunities we have to bless others with the blessings God has granted us comes in the form of leaving a legacy. Whether through our estate plan, life insurance, or other means, we have an opportunity to leave this world a better place by sharing with the next generation what God has entrusted to us during our lifetime. This is why my wife, Karin, and I are proud to be Mount Olivet Vision Partners – we are determined, as St. Peter writes, to "use our gifts to serve others as faithful stewards of God's grace."

As you read the pages of this brochure, you will immediately notice that Mount Olivet's affiliated ministries serve some of the most vulnerable of God's children. By providing care for the elderly and for the very young, and by enriching the lives of those with disabilities and strengthening the faith of our children, Mount Olivet's varied ministries make God's love tangible and real. The brochure in your hands will help you leave a legacy gift that you can feel very good about now and that will strengthen our witness to God's love for the world for years to come. Thank you. Even more, thank God *for* you and your faithful stewardship of God's many blessings!



David J. Lose, Senior Pastor
Mount Olivet Lutheran Church

Board Leader:

Cathedral of the Pines
Mount Olivet Conference and Retreat Center
Mount Olivet Day Services
Mount Olivet Home
Mount Olivet Careview Home
Mount Olivet Rolling Acres



Leaving a Legacy for the Ministries of Mount Olivet



MOUNT OLIVET LUTHERAN CHURCH

Expanding throughout the Twin Cities region, the mission center for all Mount Olivet-related ministries is one servant congregation located on two campuses, Minneapolis and Victoria.

Our faith teaches us that all our blessings come from God and that giving back to our church and its affiliated ministries is our responsibility as Christians. You will inspire others and set an example for your family and friends. It is also a way to perpetuate our values and what has been important to us during our lifetime so we can shape the kind of legacy we leave.

Planned giving is the thoughtful process people use to determine where their assets will go when they die. In the Mount Olivet family, planned gifts are needed to help:

- provide support for new ministry;
- provide resources for capital improvements;
- build Endowment Funds;
- support annual budgets.

After caring for your loved ones, the Board of Planned Giving encourages you to make a planned gift for: Mount Olivet Church, Cathedral of the Pines Camp, Mount Olivet Home, Mount Olivet Careview Home, Mount Olivet Day Services, Mount Olivet Rolling Acres, and/or the Mount Olivet Conference and Retreat Center.

For more information, contact Mount Olivet’s Development Office at 612.821.3150 or mcarlson@mtolivethomes.org.

Ways To “Leave Your Legacy”

By making a charitable gift, you can leave your legacy for something that was important to you during your life. There are many techniques available that may save income and estate taxes.



CATHEDRAL OF THE PINES

Inspiring faith and forming friendships for young people in a northwoods setting near Lutsen.



MOUNT OLIVET DAY SERVICES

Serving children and seniors in an intergenerational day program on two campuses in south Minneapolis.

This glossary of terms is designed to help introduce you to charitable giving.

Outright Gift. Cash, securities, real estate, personal property, etc. are gifts that can be gifted by transferring the title.

Charitable Bequest. Make a bequest in your will. Your gift may be designated as (a) percentage of your estate, (b) specific dollar amount or description of property, (c) residue of your estate, or (d) contingent upon a certain event happening.

Beneficiary Designation. It is simple to make Mount Olivet or one of its affiliated ministries a beneficiary of a life insurance policy, an IRA account, or other retirement plan. Since retirement assets have never been taxed, they are great gifts for donors to give charities since no tax is imposed. Contact your retirement plan administrator for appropriate form.

Charitable Gift Annuity. You make a gift to any of the Mount Olivet organizations. In exchange, you receive fixed income based on your age for the rest of your life. A portion of the income is not taxable, but rather considered a return of principal. An income tax deduction is also provided.

Charitable Remainder Trust. You receive income from a gift for the rest of your life, based on a specified percent of the trust principal. The trust assets become the property of the church or its affiliated organization after you die or in a pre-established time period. Income tax deductions are based on current value of the remainder interest going to the nonprofit.

Real Estate Transfers. Minnesota has also created two Will substitutes for carrying out wishes regarding real estate: The Transfer on Death Deed and The Retained Life Estate Deed. Both are relatively simple ways for an owner to retain ownership of real estate during their lifetime while designating the beneficiary to whom the real estate will pass without the need for probate.

If you have made a planned gift in your estate plan or for more information, e-mail or call Mari Carlson, Director of Development, at 612.821.3150 or mcarlson@mtolivethomes.org.



Serving seniors in a board and care facility in south Minneapolis.



Serving youth and adults with intellectual and developmental disabilities in the Twin Cities.



Serving seniors in a long-term, skilled and memory-care facility in south Minneapolis.



Nurturing spiritual, emotional, and intellectual growth in a country setting near Farmington.





A Guide to Estate Planning



CATHEDRAL
OF THE PINES

*Photos are from Mount
Olivet Church's summer
youth camp in Lutsen,
Minnesota.*

The Need for Estate Planning

During life and at death, we all transfer property to others. Estate planning is the method by which such transfers are arranged to follow an intended plan.

Estate planning is often neglected, perhaps because it involves facing mortality or because other more immediate concerns are given priority. However, ignoring estate planning needs is shortsighted and may lead to unintended and costly results.

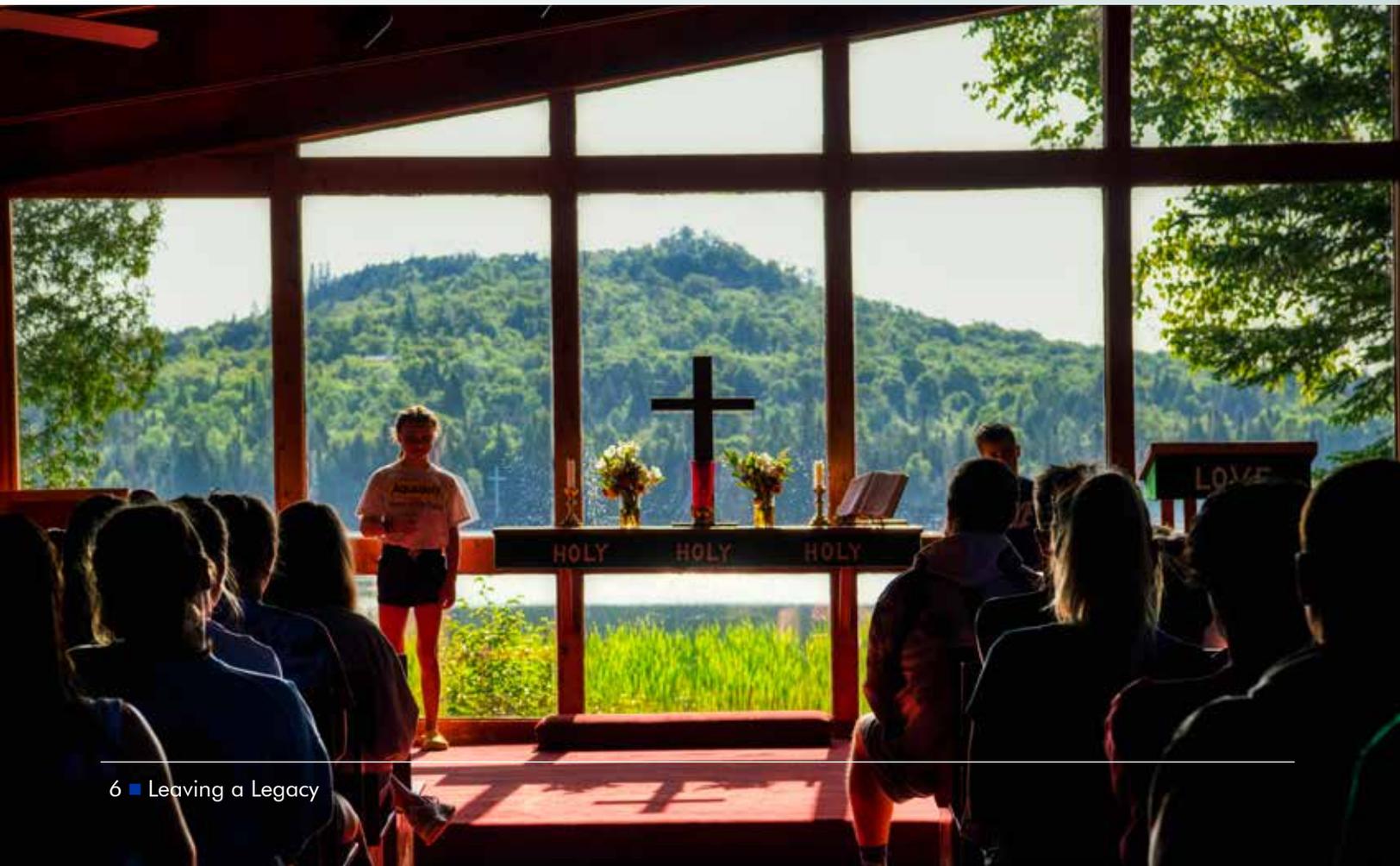
The need for estate planning is not limited to those with substantial wealth. The adverse impact of a poor estate plan is often the greatest for those of modest means.

If you die without a will, the state in effect makes a will for you by requiring that property titled in your name be distributed according to the “intestate” statutes. The result may be different from what you intend.

Estate Planning Steps

Prepare an inventory of all your assets, such as cash, securities, real estate, business interests, retirement benefits, partnership interests, life insurance, and significant tangible personal property. Note any liabilities.

Consider which individuals or charitable institutions might be potential beneficiaries of your estate.



Decide who should perform administrative tasks after your death. The individuals or financial institutions that you choose will assume what is known as a fiduciary responsibility. There are three separate functions you may need in your estate plan.

Personal Representative is the term (in the past described as the executor) for the person or the financial institution, or both, responsible for handling your affairs immediately after your death. The personal representative can be a spouse, friend, professional advisor, a bank, or other institution.

Guardian is the individual responsible for the physical custody and care of your minor children. While this could be the same person named as your personal representative or trustee, it is clearly a different duty. This is the person you would expect to replace you as a parent.

Trustee is the individual or financial institution, or both, charged with managing assets you have placed in trust for the benefit of another. A trustee is responsible for overseeing the investment and preservation of the trust assets and must distribute the assets as directed by the trust.

Basic Estate Planning Documents

To accomplish your estate planning goals, one or more of the following estate planning documents may be appropriate:

Will. Your will takes effect only at your death to dispose of property held in your name alone. Your will may be changed at any time. A codicil is a document that amends part of your will without revising the entire will.

Trust. A trust is an arrangement where one person (the “trustee”) manages property for the benefit of another person (the “beneficiary”). Trusts may be divided into three types:

Revocable. Since you generally may change a revocable trust at any time, it is similar to a will. The primary advantages of a revocable trust estate plan are that

trust assets may be managed for you during any period of incompetence or incapacity without a court supervised conservatorship and that trust assets, if titled properly, may be distributed privately after your death without the necessity of probate.

Irrevocable. An irrevocable trust is not subject to change. It is used to make a completed gift when you do not want the recipient to have outright ownership immediately.

Testamentary. Unlike revocable and irrevocable trusts, which take effect when you transfer property to a trustee, a testamentary trust is created by your will and becomes effective only when you die.



Durable General Power of Attorney.

A power of attorney authorizes another person (the “attorney-in-fact”) to manage your financial affairs. A general power of attorney allows that person to handle all your financial affairs. The power of attorney may be durable, which means that it will continue to be valid if you become incompetent or incapacitated.

Health Care Directive. A health care directive (in some states this is known as a living will) allows you to:

1. Authorize another person to make health care decisions for you if you cannot make and communicate them;
2. Provide directions for care you do and do not want to receive;
3. Communicate your wishes about where and from whom you will receive care, organ donations, and choices about your funeral and burial.

HIPAA Waiver. This document authorizes medical care providers to share information with individuals identified by you, which are often included in your health care directive.

Title To Assets

There is considerable misunderstanding about how title to assets should be held and about the distinctions among and advantages or disadvantages of “probate” property, “non-probate” property, and property held in a “living” or revocable trust.

Assets Titled In Your Name Alone. In the estate planning context, assets in one name alone are referred to as “probate property”

and are transferred according to the terms of your will.

Other Asset Titles. It is also possible to title property with a named beneficiary. These assets, or “non-probate property,” are not governed by your will. For example, if you buy 100 shares of XYZ Corporation stock and name your spouse as a joint tenant, then your spouse becomes owner of all of those shares upon your death, even if your will provides otherwise. Typical examples of such assets are jointly owned residences, assets held in a revocable trust, life insurance contracts, and qualified retirement plans, including IRAs, which pass directly to the designated beneficiaries of the plan.

Naming a spouse as joint tenant or as a beneficiary of an insurance policy or retirement plan is a very common way to transfer title. However, a potential risk is that an unnecessary estate tax liability may be created upon your spouse’s death, if he or she has a taxable estate over the amount exempt from estate tax.

The Need for Review

Estate planning is a continuous process. An estate plan should be reviewed periodically to be sure that it fits the present situation.

If you have made a planned gift in your estate plan, or for more information, call Mari Carlson, director of development, at 612.821.3150 or email mcarlson@mtolivethomes.org.





Understanding Estate and Gift Taxes

People “leave a legacy” for the Mount Olivet family out of their faith in God and desire to make the world a better place. Nevertheless, it is still important to understand the implications of estate and gift taxes when planning the distribution of your estate.

The federal government and some state governments impose a tax on the transfer of assets, whether the transfer is made during an individual’s lifetime or at death.

Amount Exempt From Estate Tax

For federal purposes in 2020, each person may transfer (by lifetime gifts or at death) \$11,580,000 free from gift and estate taxes. This basic exclusion amount is adjusted each year to keep up with inflation. Any part of this amount used for lifetime taxable gifts reduces the amount available for transfers at death.

However, this amount is not permanent. As of January 1, 2026, this amount reverts back to what the amount would have been had it not been increased in 2018 (adjusted annually since then for inflation).

If you make taxable gifts during your lifetime, you will owe no gift tax if the total amount of gifts made is less than the amount exempt from federal estate tax available to you in the year of the gifts. However, you must file a federal gift tax return for each year in which you make such gifts. Note that at death you may still transfer an amount equal to the amount not used during your lifetime. If you make no taxable gifts during your lifetime, the entire amount exempt from estate tax is available at your death.

Minnesota has a separate estate tax with an exempt amount for each person of \$3,000,000 as of January 1, 2020. Since the amount exempt from Minnesota estate tax is



Photo is from the conference and retreat center in Farmington, Minnesota.



less than the federal amount, in some estates there will be no federal estate tax payable, but there will be Minnesota estate tax payable. For example, in 2020 with a \$3,500,000 taxable estate, there would be no federal estate tax payable, but the Minnesota estate tax would apply to the value of the assets of the estate that exceeds \$3,000,000.



As I write this my family should be on our annual vacation together on Cape Cod. Unfortunately, we are not gathering this year due to COVID. For me our family time together near the Atlantic Ocean is sacred. I almost forget to count the days. Life

slows down and in the land of my ancestors I'm able to be still enough to see the abundance of God's blessings: the beauty and vastness of creation, the sense of God's presence in every moment, and the love of family. As small as I feel as I look out onto the ocean, I'm aware that for generations my family has recognized that they have received God's greatest gifts: love, forgiveness, hope, and peace.

God is generous; God is gracious, merciful, slow to anger and abounding in steadfast love; God so loved the world that he gave his only Son for the sake of the world. And God keeps on giving! When I slow down and reflect on God's generosity, I am again reminded that I am a steward of the gifts I have received from God – time, talent, and treasure. This is why Laurie and I are Mount Olivet Vision Partners. After we are gone, we want some of our resources to support organizations like Mount Olivet that continue to lift up God's story of generosity for our children and future generations.

Pastor Bill and Laurie MacLean

of their Minnesota exempt amounts and more Minnesota estate tax could be payable on the death of the surviving spouse than is necessary.

Unlimited Marital Deduction. Generally, all transfers between spouses either during lifetime or at death are free of gift or estate tax regardless of the size of the transfer. This is called the marital deduction and is in addition to the amount exempt from estate tax.

Annual Exclusion. There is an annual (i.e., available each year) exclusion from federal gift taxes for the first \$15,000 given to any individual. No federal gift tax return needs to be filed if the gift to any one individual is less than the annual exclusion amount. The number of individuals to whom \$15,000 may be given each year free of gift tax is unlimited. Alternatively, one spouse may give up to \$30,000 to one individual without gift tax so long as the other spouse agrees to let the spouse making the gift use the annual exclusion of the other spouse. This is called "gift splitting" and is done by filing a gift tax return signed by both spouses for the year of the gift. If a gift to an individual exceeds the annual exclusion amount, then the excess will be counted against the amount exempt from federal estate tax. The annual exclusion amount is adjusted to keep up with inflation; however, the amount is only changed when the cumulative adjustments for inflation reach \$1,000. With proper planning, annual exclusion gifts for many donees may be made to a single trust.

Gift Taxes. For federal purposes, lifetime gifts in excess of the amount exempt from estate tax are taxed. The tax rate is the same as the estate tax rate, which is 40%. Minnesota has no gift tax. However, if you make a lifetime gift in excess of the federal annual exclusion amount and if you die within three years after making the gift, the value of the gift above the annual exclusion amount is added to your Minnesota estate for estate tax purposes.

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Portability. The estate of the first spouse to die may elect to transfer any part of the amount exempt from federal estate tax not used by the deceased spouse to the surviving spouse. This is called "portability." However, this election does not apply to any unused Minnesota exempt amount, since Minnesota does not have portability. Therefore, without proper planning, spouses may fail to use both



Giving Through Wills and Trusts

Do You Have A Will?

Making a Will is actually one of the most thoughtful things you can do for your loved ones. Most people think about making a Will at some time or another, but less than half of all Americans get the task done. Sometimes we are reluctant to make a Will because it causes us to face our own mortality. Also, it can be overwhelming to make so many important decisions. Most people face the same challenges.

Do people of all ages, with estates of all sizes, need a Will? YES!

Here are some of the most frequently mentioned reasons:

1. A Will lets you decide who will receive your property, instead of state and federal laws making that determination.
2. A Will designates who will handle your affairs rather than leaving that to chance.
3. A Will establishes a guardian for minor children.
4. A Will is an excellent way to provide gifts to your church, its affiliated ministries, and other causes that were important to you during your lifetime.



Photos are from the intergenerational day care center in Minneapolis that serves children and seniors.



5. A carefully drawn Will can significantly reduce the possibility of disputes or litigation.
6. A Will can be drawn to achieve tax savings.
7. A Will can create a trust to protect family members during minority or disability.
8. A Will, and in some cases, a living trust, can speed the process of settling estates.

What Happens If I Don't Have A Will?

There are three places our assets go when we die: our heirs, charity, or the IRS. A Will lets you decide where your assets go instead of state and federal laws making that determination. Celebrities like Prince and Aretha Franklin died without an estate plan, making the distribution of their estates much more difficult and costly for their families.

Where Do I Start?

The place to begin is to organize your assets by making a list of everything you own, reflect on how you would like it distributed, and call

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Finding The Right Advisor

When it comes to making a charitable gift, enlist the help of someone in the estate planning business who shares your commitment to giving. John Burton, Mount Olivet member and estate planning attorney, recommends working with someone with whom you are absolutely comfortable.

Here are a few questions to help you determine if your personal advisor(s)—who may be an attorney, a financial planner, an accountant, a development officer, or a team of specialists—is prepared to meet your needs.

1. How much time do you spend doing estate planning?
For the legal work, it is preferable to hire someone who spends much of their time working with estate planning. A specialist can probably address your concerns and will know how to tailor your giving plan to your values and priorities.
2. Do you have a backup employee who will be well-versed in my plan in case you are unavailable when I have a question or concern?

A good personal advisor should have at least one other person in the company who can field most questions about your estate plan in case the advisor is unavailable at a critical time.

3. What is your special expertise as it relates to estate planning?
Consider the breadth of specialties a person brings to the table, since many areas of the professional world play into estate planning. For example, some attorneys have experience in accounting and some accountants have experience working with tax law. You will want to find a professional or group of professionals who can meet your individual needs.
4. Are you comfortable working with an estate the size of mine?
Most advisors are best suited to work within a specific financial range. You should choose an advisor who can handle your estate effectively, regardless of size.

Examples of Bequest Verbiage

1. Specific Amount

I give the sum of \$1000 to: Mount Olivet Day Services, 5601 Lyndale Avenue South, Minneapolis, Minnesota 55419.

2. Share of Estate

I give an amount equal to 10% of my gross estate to: Cathedral of the Pines Camp, c/o Mount Olivet Lutheran Church, 5025 Knox Avenue South, Minneapolis, Minnesota 55419.

3. Share of Remainder of Estate

I give one-half of the remainder of my estate to the: Mount Olivet Lutheran Church Endowment Fund, 5025 Knox Avenue South, Minneapolis, Minnesota 55419.

4. Specific Assets

I give my 30 shares of Jones Power Company common

stock to: Mount Olivet Rolling Acres, 7200 Rolling Acres Road, Victoria, Minnesota 55386.

5. Remainder Interest (After a Life Estate)

I give to my daughter, Jane Doe, an estate for the term of her life in the real estate described as Lot 1, Block 2 Doe Addition, Hennepin County, Minnesota. I give the remainder interest in such real estate in equal shares to: Mount Olivet Home and Mount Olivet Careview Home, 5517 Lyndale Avenue South, Minneapolis, Minnesota 55419.

6. Contingent Gift

If my spouse does not survive me, I give the sum of \$10,000 to the: Mount Olivet Conference and Retreat Center, 7984 – 257th Street West, Farmington, Minnesota 55024.

an attorney skilled in drafting Wills and Trusts. It is important to decide which charitable organizations you would like to benefit. Consider making a charitable bequest to Mount Olivet Lutheran Church or one of its affiliated ministries. Also, you should give thought to who you would like to have serve as your personal representative, sometimes called an executor or administrator.

Do Wills Need To Be Updated?

YES! You should review your Will every few years and sooner if there are family changes like births, marriages, divorces, and deaths. Estate planning laws may change, also impacting your Will.

Most people find the process of making a Will to be very positive. Caring for loved ones provides a good feeling. Making a gift to charity enhances that feeling because you are perpetuating values important to you for the next generation.





Giving Retirement Assets



MOUNT OLIVET
LUTHERAN CHURCH

Photos are from Mount Olivet Lutheran Church, Minneapolis Campus and the West Campus located in Victoria, Minnesota.

Leaving a legacy to charity can take many forms. One tax-efficient option to consider is using retirement plans to fund your charitable gift.

Why Is It a Tax-efficient Option?

Retirement plans such as pensions, profit sharing, 401(k)s, 403(b)s, SEP-IRAs, SIMPLE IRAs and Traditional IRAs are considered “income in respect of a decedent” (IRD) property, which is subject to both estate and income tax. You receive favorable income tax treatment during your

lifetime because you do not pay taxes on the amounts contributed into the plan. Your account accumulates and grows on a tax-deferred basis. At the time of distribution, amounts distributed will be treated as ordinary income and taxed to the individual receiving the distribution. At the time of death, any balance left in your qualified retirement plan generally will be included in your gross estate for estate tax purposes.

If a qualified charity is the beneficiary of a retirement plan, both estate and income tax





are avoided. A charity does not pay income tax, so the charity will receive 100% of the amount of the retirement benefit since none is lost in paying income tax. An individual beneficiary, on the other hand, may only receive \$.65 on the dollar of the retirement benefits he or she inherits, depending on his or her income tax bracket. In terms of estate tax, as with other testamentary transfers to charity, leaving retirement assets to charity allows the estate to take a charitable deduction on the federal estate tax return based upon the value of the charitable bequest. Given the potential for double taxation from estate and income tax, retirement plans are an attractive source of charitable bequests.

How Do You Go About Leaving Retirement Benefits to Charity? You can designate retirement benefits to be paid to your favorite charity either during your lifetime or after your death. Most retirement plans allow the account owner to carve out a specific percentage for charity, or, you may be able to set up a separate retirement account for a charity by splitting up an existing account or creating a new account.

During Your Lifetime

Qualified Charitable Distribution

Congress made the Qualified Charitable Distribution, called an IRA Charitable Rollover, permanent in 2017. This rollover allows an individual aged 70-1/2 or older to transfer annually up to \$100,000 tax-free directly from an IRA (other than from SEPs and SIMPLEs) to a charity. The amount transferred to charity will count toward the individual's required minimum distribution (RMD). Because the gift passes directly to a charity, it will not increase the individual's adjusted gross income. This is a wonderful opportunity if you are charitably inclined



I decided that Mount Olivet should be part of my legacy giving, and I plan to do that through my IRA. We are the stewards of the world and managers of our resources. You can't take it with you, so share it. Everyone can do something!

Sheila McIlonie

and if you do not utilize your required RMD for living expenses. Absent this gift, your required distribution is included in income for tax purposes.

Give Your RMD to Charity. As a participant in a retirement plan, you must begin taking your minimum required distribution (RMD) after you reach age 72 (or retirement in some cases). If you do not need your RMD for other purposes, consider using your RMD from your retirement plan as a source for funding your charitable gifts.

Following Your Death

Charity as Primary or Contingent Beneficiary. The easiest way to leave retirement assets to charity is to directly name the charity as primary beneficiary on the plan's beneficiary designation form. If you are married, or if you desire to leave your plan balance to children or other individuals, you can name the charity as a contingent beneficiary. Because benefits are paid directly to the charity under the beneficiary designation form, income tax is avoided and the estate tax charitable deduction is available for the full value of the charity's interest.

Charitable Remainder Trust (CRT). Another option is to name a charitable remainder trust (CRT) as primary or contingent beneficiary to receive the balance of an IRA or other retirement plan at your death. A CRT is a trust which pays out an annual income stream to one or more noncharitable beneficiaries either for life or for a term of years (not to exceed 20 years). At the end of the life or term of years, the remaining trust assets are paid to your designated charity/ies. The benefit of leaving your retirement plan assets to a CRT is that the benefits paid are not subject to income tax on the transfer from the retirement plan to the CRT because of the CRT's tax-exempt status.

Charitable Gift Annuity. A third option to explore is a charitable gift annuity. This allows you to leave retirement assets to a charity, with the charity agreeing to pay a fixed income to an individual beneficiary for life. Your estate would receive an estate tax deduction for the value of the retirement benefits left to the charity, less the value of the annuity (all determined using IRS tables) and the benefits are paid to the charity free of income tax.

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Giving Life Insurance

Both group and individual life insurance provide for estate liquidity (including the payment of estate taxes, if applicable), pass increased wealth to family members, and are ideal assets with which to make a charitable gift.

Not everyone understands that life insurance owned by an insured person

is considered part of their estate and the proceeds are subject to estate tax at death if the total estate exceeds certain exempt amounts. For example, if you own an insurance policy on your life with a face amount of \$100,000, that \$100,000 amount (not the lesser cash value before death) is part of your estate and subject to estate tax, if your estate exceeds \$3 million.



Photos are from the board and care facility on Lyndale Avenue in Minneapolis.



I have held many things in my hands, and I have lost them all; but whatever I have placed in God's hands, that I still possess.

MARTIN LUTHER

One way to avoid inclusion in your estate is to transfer ownership of your insurance to a family member—for example, to a spouse or child. In this event, the \$100,000 of insurance in the above example would not be subject to estate tax when you die (providing you live three years after transferring ownership of the policy). However, the insurance proceeds would still be includable in the estate of the spouse or child.



Another way to avoid estate taxes on life insurance is to establish an irrevocable trust and transfer ownership of the insurance policy to the trust. This type of trust avoids inclusion of the insurance in your estate at your death and the proceeds may be kept out of your spouse's estate as well. However, irrevocable trusts are complex arrangements with serious tax and legal implications that must be considered. They should be entered into only after review and consideration of your overall estate plan and should be prepared by lawyers who are specialists in estate and tax planning.

Life insurance provides an attractive way to make a gift to a favorite charitable organization instead of giving cash or securities. You can leverage annual premium payments tailored to fit your financial circumstances into a sizeable gift to the

charitable organization at your death. You receive a current income tax deduction for each premium paid. The charitable organization receives a cash lump sum at your death free of income tax and estate tax.

How Will a Gift of Life Insurance Work?

- Transfer ownership of an existing insurance policy to Mount Olivet Lutheran Church and/or an affiliated ministry.
- With an existing policy, you would receive an income tax deduction in the year of the gift equal to the cash value of the policy.
- Purchase a new insurance policy naming the church and/or affiliated ministry as owner and beneficiary.
- With either approach, you may deduct the premium you pay for income tax purposes as a charitable contribution.
- Keep ownership of an existing policy and simply change the beneficiary. Premiums are not deductible as contributions. At death, life insurance proceeds pass free of income tax to whichever charities you choose.
- The payment of premiums may be reduced or stopped completely at any time by you if your financial situation should change. As owner of the policy, the church and/or affiliated ministry may elect one of a number of options, such as surrendering the policy for cash, continuing to pay premiums, or converting the policy into a smaller paid-up policy.

“Second-to-die” or “Survivorship insurance” is an insurance product that can also be used for a charitable gift. This type of insurance insures both husband and wife, and the proceeds are payable only at the second death. The cost of a “second-to-die” policy is substantially less than policies which separately insure each spouse.

If you have made a planned gift in your estate plan, or for more information, call Mari Carlson, director of development, at 612.821.3150 or email mcarlson@mtolivethomes.org.



Navigating the Probate Process

What Is Probate?

For some, “probate” is a negative word, associated with such unpleasant issues as delay, expense, family fights, and taxes. However, probate is not the reason these issues arise when settling an estate; poorly planned estates usually cause one or more of these issues. Probate itself is merely the administrative process of settling an estate in court after a person dies; if estates are poorly planned, these types of issues must be dealt with during the probate process.

The probate process gives authority to the personal representative to transfer an asset individually owned by a decedent to the beneficiaries named in the decedent’s will, or, if there is no will, according to the intestacy laws of the state in which the decedent lived at the time of death.

The personal representative (sometimes referred to as an executor) is responsible for settling the estate. If there is no will, or the will does not name a personal representative, the Probate Court appoints one.



Photo is of Mount Olivet Rolling Acres residents participating in the Special Olympics.



Are There Assets That Are Not Subject to Probate?

There are several title arrangements that avoid probate. For example, assets held in joint tenancy become the sole property of the surviving joint tenant upon the death of the first joint tenant, and life insurance proceeds and retirement benefits pass to the named beneficiary. Assets held in revocable living trusts are administered after the death of the creator of the trust by the trustee named in the trust agreement.

How Does the Probate Process Begin?

The probate process begins when an application or a petition is filed with the Probate Court in the county where the decedent resided at the time of death.

In Minnesota, estates may be probated informally or formally. In informal administration, an application is filed in the county of the decedent's residence; no appearance in Probate Court is necessary and the estate may be settled without the

supervision of the Probate Court. In a formal administration, the petitioner appears before a Probate Court judge or referee; in some cases, the administration of the estate is supervised by the Probate Court until it is finished.

When Does the Probate Process End?

The probate process is finished when all debts, expenses and taxes are paid, and all of the assets of the estate are distributed. The probate process may take as little time as four to six months or up to two years or more depending upon the complexity of the estate and the issues which must be settled.

Is Probate Necessary for Smaller Estates?

For estates under \$75,000, the person entitled to an asset of the decedent may receive the asset without beginning the probate process by preparing an Affidavit for Collection of Personal Property.

Used by permission: 2nd Judicial District, State of Minnesota

Duties of a Personal Representative

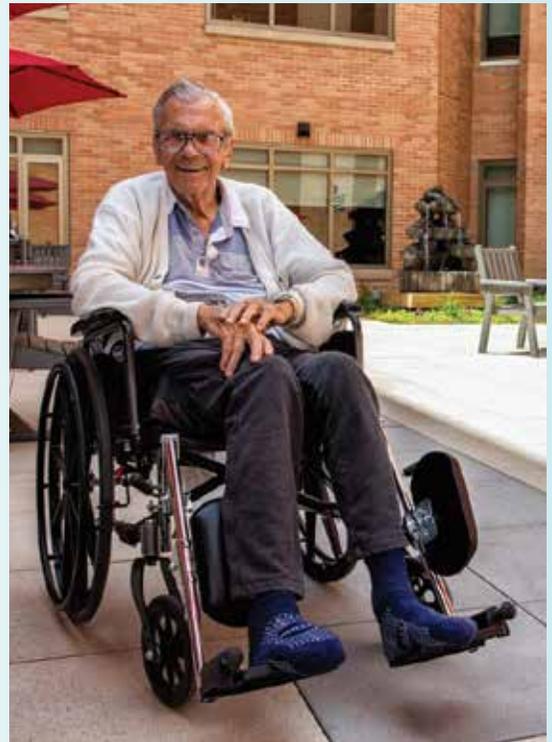
The personal representative (sometimes referred to as "Administrator" or "Executor") has the duty to "settle and distribute the estate of the decedent in accordance with the terms of any probated and effective will and applicable law, and as expeditiously and efficiently as is consistent with the best interests of the estate." Minn. Stat. 524.3-703(a). In other words, the personal representative has the responsibility to gather all the assets of the decedent's probate estate, pay all just debts and expenses of administration, and distribute the remaining property to the persons entitled to receive the property. All this must be done as expeditiously as possible. These duties may include:

- Give notice, as may be required by law, to all parties who have an interest in the estate, such as heirs, beneficiaries, and creditors.
- Determine if there are any probate assets.
- Identify, gather, and inventory the assets of the decedent.
- Receive payments due the estate, including interest, dividends, and other income such as unpaid salary, vacation pay, and employee benefits.
- Set up a checking account for the estate.
- Determine who is to get what and how much under the Will.
- If there is no Will, determine who are the heirs-at-law and what each heir is entitled to receive.
- Value, or have appraised, the estate's assets.
- Investigate the validity of all claims against the estate.
- Before making any payments, determine whether any property may be exempt from creditors' claims or administration expenses and by setting aside or distributing the exempt property to the persons entitled to the exempt property.
- Pay funeral bills, outstanding debts, and valid claims.
- Pay the expenses of administering the estate.
- Take care of discontinuing utilities, cancelling charge cards, and notifying Social Security, Veterans Administration, or other sources of retirement income of the decedent's death.
- Provide accountings to the beneficiaries.

How to Set Up a Donor-Advised Fund

It's easy to set up a Donor-Advised Fund account. The donor first signs a letter of understanding with the administering organization, establishes an account, names the account, and recommends an investment strategy. Then, the donor makes required minimum gifts of assets, which may include cash, real estate, stocks, mutual funds, closely held securities, and, in some instances, private and restricted securities. The required minimum donations vary from organization to organization, but are usually less than those required by private foundations. InFaith Community Foundation and the ELCA Foundation are examples of organizations that can help set up a Donor-Advised Fund.

If you have made a planned gift in your estate plan, or for more information, call Mari Carlson, director of development, at 612.821.3150 or email mcarlson@mtolivethomes.org.



We have been blessed to be part of the Mount Olivet family for many years. We appreciate the work of the staff and pastors, the choirs and volunteers to provide us with an inspiring worship experience as well as many educational opportunities. We cherish the friendships we have developed at church and we love all of the affiliated ministries of Mount Olivet.

We want to support everything Mount Olivet is doing and so we try to give back with our time and treasures. One tool that has helped us is a Donor-Advised Fund (DAF). The DAF is a simple, flexible, and tax-efficient way to give to your favorite charities. It provides a very simple way to donate appreciated assets. You get the double tax benefits of a fair market value tax deduction and there is no tax to pay on the gain of the asset.

Perhaps the biggest advantage is the ability to make donations to the account and receive immediate tax benefits for doing so, while also being allowed to disburse the money from the accounts according to your own timetable. You can choose to pay out a donation right away to Mount Olivet, Rolling Acres, COP, Careview, or any other charity you wish to support. Or you can invest the money in the Donor-Advised Fund account and let it grow tax-free until you want to pay it out; either way, you get an immediate tax deduction. At the same time, you retain advisory privileges over how the account is invested and how the fund distributes money to charities.

The Donor-Advised Fund is a right fit for us. It makes it easy for the church or any charitable organization to receive the donation. We would recommend you check with your financial advisor and see if it's right for you.

Launa & Gary Wert

Mount Olivet Vision Partners



Mount Olivet Vision Partners are people of faith of all ages who want to share their blessings by making a planned gift for Mount Olivet Lutheran Church and/or its affiliated organizations. Vision Partners are “leaving their legacy” for future generations by perpetuating their values and the Mount Olivet mission of serving others.

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Your gift will have an impact for years to come and will inspire others. If you have made a planned gift in your estate plan, or for more information, send in this form, or e-mail or call Mari Carlson, Director of Development, at 612.821.3150 or mcarlson@mtolivethomes.org.

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