



SCIENCE  
OF MIND  
FOUNDATION

*Help Make a Better World*

# Endowments and Bequests

## A Planned Giving Program Primer

How to understand and set up the most  
important element  
for the long-term financial health of your Center.

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# TABLE OF CONTENTS

Click on the title to move to the section.

## Endowments

The Endowment: Building financial security for your Center	3
What is an endowment?	3
What is a spending policy?	4
What is an endowment program?	5
There's no reason to hesitate	5
Five steps to start	6
Seven benefits of an endowment	7
Managing your endowment fund	8
How the Science of Mind Foundation can help	8

## Bequests and Planned Giving

What is a planned gift?	9
What is a planned giving program?	9
Getting started	9
Evaluating your program	13

## Sample Documents

Action Plan	14
Article 1	16
Article 2	17
Article 3	18
Article 4	18
Bequest Brochure for Centers	19
Bequest Handout Sheet for Centers	21
Foundation Bequest Handout Sheet	22
Two-sided Insert for Prospective Donors	23
Color Outreach Insert	24
Correspondence Upon Receiving Notice of a Bequest from a Donor	25
Correspondence Upon Receiving Notice of a Bequest from an Attorney	26
The Bequest Recognition Society	27
Sample Board Resolution to Create an Endowment	33
Foundation Gift Acceptance Policies	34
Model Standards of Practice	42

# Endowments

## The endowment. Building Financial Security for your Center

The first question to ask when considering an endowment is, “Why?” The answer is that with an endowment your Center can secure its long-term financial future with a steady, predictable source of income over time. When properly managed, the investment of the endowment supports sustainable financial health for your organization.

By investing the endowment, also called an endowment fund, your Center receives a distribution of income while at the same time creating the opportunity for the endowment principal to grow over time. The financial stability afforded by an endowment can support the creation or expansion of programs or, importantly, support the operating budget through tumultuous times.

An endowment gives your Center the opportunity to plan for the future with a sense of permanence. If you’re willing to set up and maintain both the money management and administrative systems necessary to sustain the endowment and the program elements to run a planned giving program, your organization can grow and flourish. With financial security in place, the Center can become even more purpose-driven, expand programs and services, turn vision into reality, and better serve your membership, your community, and the world.

## What is an endowment?

The endowment, created by a board or donor directed gift, exists as a separate fund meant to sustain long-term financial stability for your Center. There are three types of endowments:

**Permanent endowment.** Most often funded by gifts from donors who want the principal to remain intact in perpetuity to ensure their gift provides perpetual support to a program. As such, the income to be distributed from the endowment has historically been designated as a percentage of the earned income (see What is a spending policy-Income Only). The income paid out from the endowment can be directed to a specific service or program favored by the donor or the donor can choose to fund general operating expenses or allow the principal to be accessed.

**Operating endowment or Quasi-endowment.** Generally established by the board, a quasi-endowment is meant to provide the same perpetuity as a permanent endowment, however the board may allow the endowment principal to be accessed when necessary (see What is a spending policy-Market Value), which may be directed to special programs and/or operating expenses.

**Term endowment.** Usually contributions from donors who specify that the principal can be used either over a period of time or when a specific event occurs. These are sometimes called **spendable endowments**, because they are set up to “spend themselves out.” For example, a term endowment may endow a project for 10 years, by which time any remaining principal will be expended as directed by the donor.

### What is a spending policy?

Understanding types of endowments is important as you work with donors and establish an endowment for your Center. Another important element of establishing an endowment involves investing the assets with the goal of preserving and growing the long-term sustainability of those assets while providing a reliable yet increasing stream of annual distributions. Understanding the different spending policies that determine the distribution percentage and resulting income that will be distributed from the endowment will help your organization preserve endowment principal while achieving a balance between present and future funding needs.

**Income only spending policy.** This distribution policy allows a percentage of the income and investment earnings to be spent while preserving the corpus of the endowment.

**Market value spending policy.** This policy allows an endowment to spend some fixed percentage (or percentage range) of its market value (usually an average of the market value over some period of years or months). As the market value of the endowment fluctuates, the income distribution moves in lockstep.

**Inflation adjusted-constant growth spending policy.** Under this policy, distributions in any given year are equal to those in the prior year, plus an adjustment for inflation or increased by a set percentage.

**Hybrid spending policy.** This allows different spending policies to be combined to meet specific needs (such as stability).

Each of these approaches has investment and budgeting advantages and disadvantages so it is important to have a knowledgeable endowment or investment committee that can balance the best spending and endowment policy combination. Professional fund managers or the Science of Mind Foundation can be helpful in investing your endowment fund to meet your Center's financial objectives.

Here is an example of how an income distribution is calculated using the market value spending policy. This policy calculates the income to be distributed based on a fixed percentage called the distribution percentage. When it is time for your Center to receive its income distribution, this approach will first determine the endowment value to be used in the calculation (for this example we will use an average of the three prior year-end balances). The distribution percentage is then multiplied times that average to arrive at the income distribution.

Example: Sample Endowment Balance

End of Year 1	\$100,000
End of Year 2	\$105,000
End of Year 3	\$110,000

The three-year average balance is \$105,000 ( $\$315,000/3$ ). Assuming you have decided upon a distribution percentage of 4.0%, your Center would receive an income distribution of \$4,200 ( $\$105,000 \times 4\%$ ). And the next year, if the market value of the endowment increases, so will the income your Center will receive.

Taking these factors into consideration, it's easy to see how exciting an endowment can be for your Center's future. You will be building something substantial over the years and reaping current benefits at the same time.

### **What is an endowment program?**

An endowment program establishes the processes and resources needed to obtain current gifts (received today) and planned gifts (received at a future date, such as from a bequest) for the endowment. As the endowment grows, the program will also make provisions for overseeing the investment of the endowment fund.

Endowment programs are traditionally conducted in concert with a planned giving program. Planned gifts are difficult to budget, since they are typically received following the death of the donor (which does not happen with predictability). Due to the size of some planned gifts fluctuations in operating revenue can result that may be difficult to reproduce in subsequent budget planning cycles. There is an advantage to directing planned gifts to the endowment fund that allows for prudent investment and stewardship of those resources for the long-term benefit and sustainability of the organization.

It is not essential to create a planned giving program to build an endowment. Your Center may receive bequests whether you have solicited them or not, however, for your endowment to grow and provide your Center with permanency, the existence of the endowment and ways to support it must be communicated to your membership. This, as a first step, is best accomplished with the implementation of a planned giving program.

### **There's no reason to hesitate**

It is important to realize that your members are being pursued for endowment gifts by other non-profit organizations, such as their alma mater, the local hospital, and other valued causes in your community. Therefore, it is important to make your members continuously aware of the opportunity to make endowment gifts to your Center and the endowment's relevance to perpetuating the Center's — and their own — spiritual vision for the future.

### **Endowment commitments do not happen overnight**

Because these are significant gifts thoughtfully planned out by the donor, they generally take longer to move through the commitment process. Many donors consider this philanthropic gesture to be their ultimate gift. You might receive fewer of these gifts, but they will turn out to be the largest gifts your Center will ever receive.

### **Endowment gifts take longer to receive**

While some endowment gifts may be created and received by your Center as current gifts during the lifetime of the donor, many endowment gifts will not be received until a date in the future following the a donor's passing. Additionally, many people consider these types of gifts as private matters, so you may not be aware that members of your Center are thinking about this type of gift planning.

Since you may not be included in decisions related to the creation of these ultimate gifts it is critical to be persistent in educating your members on the importance of having a will, how to include their Center in their will, and the impact that their bequest will have on the Center's work.

## Five steps to start

Since market performance, interest rates, other investment factors and the size of the fund are not constant, start now to plan and ensure your Center has future resources for its long-term viability. Your Center can create an endowment with a simple program that consistently encourages your members to remember the Center in their plans. To forge a successful, ongoing endowment program, begin with some solid planning that includes these five steps:

### 1. Ask your board to approve establishment of an endowment fund and an endowment program.

Because an endowment program impacts the financial future of the Center, it is important to have board leaders approve the program with an official resolution. The resolution might address:

- The reasons for establishing an endowment program and endowment fund,
- Define areas of responsibility for operation of the fund,
- The investment philosophy and policies,
- Method of determining income distribution,
- How the investment management and administration of the fund will take place.

### 2. Form an endowment committee.

Once the formation of the endowment fund is approved, appoint an endowment committee to support the effort, maintain an active program, create appropriate policies, and review and advise on the technical aspects of different gifts. The committee membership should be composed of the Senior Minister; a representative familiar with the organization's finances, such as the treasurer or a member of the Finance Committee; at least one board member; and church members with related experience - for instance; non-profit fundraising, planned giving, or marketing, would be a plus.

The Committee should work closely with the finance and investment committee in creating the endowments policies. The Committee should make recommendations to the Board on these policy matters and keep the Board informed on a regular basis as to the status of the endowment. The committee might also be responsible for administering income distribution to the respective programs to which the endowment's income has been designated.

### 3. Write a case statement.

This is a purpose statement to help you, your board and supporters understand your vision and the need for an endowment. To begin the process, outline the five most compelling reasons why it is important to have a permanent source of funding for your Center. How will that help the Center fulfill its mission now and in the future, and what will it cost to sustain that mission? One or at most two persons must write the case statement. Writing by committee is a thankless and virtually impossible task. Once completed the case statement should be thoughtfully reviewed by the members of the endowment committee.

When you have that document complete for your internal purposes, consider using it as an external communication piece for your planned giving initiative to educate the Center's membership and to use when asking for gifts. Rephrase your five reasons into simple but convincing statements that convey passion and excitement and inspire supporters to invest for the long-term in your vision of the future.

### 4. Secure commitment.

After you and the board agree to build an endowment program, secure a shared commitment from the Center's staff and volunteers for their time and involvement.

## **5. Establish a planned giving/bequest program for your Center.**

The development of a planned giving/bequest program is a cost-effective, efficient way to further the establishment of an endowment.

### **Seven benefits of an endowment**

Endowment gifts such as bequests will likely represent the majority of your endowment funding. Such gifts take time to cultivate and to receive; consequently, your Center must be prepared to expend resources on a program from which the revenue produced will arrive some time out in the future. As a result, it is important to know the benefits the endowment program will bring to your Center:

#### **1. Regular, predictable income.**

Through prudent investing and spending policies, an endowment fund can provide sustainable revenue for your general operating fund and for current and future programs.

#### **2. Donor fulfillment.**

Making an endowment gift commitment allows donors to feel they have made a significant and lasting impact on your Center, their community, and the world. It allows donors to engage in and experience our spiritual philosophy of abundance, prosperity and circulation.

#### **3. Timely solutions for changing needs.**

An endowment fund allows your Center to remain flexible and innovative in your current and future programs and services knowing it has long-term financial security.

#### **4. A strong reputation.**

Studies have shown that donors want to invest their money in successful and growing endeavors. An endowment program builds donor confidence in your Center by demonstrating your ability to plan and manage for the future.

#### **5. Financial stability.**

A healthy endowment fund not only supports your Center during favorable economic periods, but also can be critically important in providing income during challenging economic times.

#### **6. Discover new giving interests.**

A successful endowment program relies on an ongoing process of building and preserving life-long relationships with supporters of your Center. As you cultivate deeper, lasting relationships with your members, conversations over time may reveal other areas of interest, which you can follow up on for additional funding support.

#### **7. Giving benefits.**

An endowment provides additional giving opportunities to your supporters. With the opportunity to make potentially larger gifts from their accumulated assets through bequests, trusts, gift annuities, etc., donors can make current gifts from income to support operations “today”, as well as future gifts from assets to support the organization “tomorrow”.

### Managing your endowment fund

The endowment fund is the responsibility of the board, and the board should create investment objectives that strive to preserve or increase the principal while providing a predictable, growing stream of income for the future. To achieve this, the board should consider and determine which of these professional investment management options best meets the Center's needs:

**1. Establish a foundation or create a segregated endowment fund and hire a professional investment management firm** to manage the fund within the investment guidelines established or approved by your board of directors and/or investment committee.

**2. Establish an endowment fund with a local community foundation** that has demonstrated solid investment performance and governance. Community foundations have special requirements around managing endowments and ownership of the funds in the community foundation, so discuss all of their conditions prior to creating an account.

**3. Establish a separate endowment fund account for your Center with the Science of Mind Foundation.**

The Science of Mind Foundation will oversee the professional investment management of your endowment with a commitment to provide long-term asset growth and security of principal, while minimizing risk.

### How the Science of Mind Foundation can help

The Foundation can help your Center in the following ways:

- make presentations to Center leaders on endowment or planned giving programs,
- be a resource for questions and ideas on implementing and growing your programs,
- help you work with donors and provide gift assistance,
- offer program evaluation and consultation for establishing and operating your programs,
- provide professional investment management.

For more information, contact Gary Schrenk, Executive Director, Science of Mind Foundation at [gschrenk@somfoundation.org](mailto:gschrenk@somfoundation.org) or 720-279-1623



# Bequests and Planned Giving

## What is a planned gift?

A planned gift is a charitable gift made by a donor, not from annual income, but from assets such as savings and investments, business interests, real estate, retirement accounts, and life insurance policies, etc. Gifts from these assets are often part of an individual's or family's overall estate and financial planning process. Planned gifts can range from a revocable gift, such as a bequest, to an irrevocable gift, such as a charitable remainder trust that provides lifetime benefits to the donor before passing to the charity.

As a bit of background, a planned gift originally was referred to as a deferred gift because, while the donor might undertake the gift during his/her lifetime –preparing a will for example – the gift or revenue to the charity was deferred until death, hence the name deferred giving. However as the contribution of complex assets and sophisticated gift techniques developed, the reference to “planned” giving became prominent as a way to describe the gift process and not the arrival of the revenue. Generally, however, a planned gift still represents deferred revenue.

While there are a variety of planned gifts, we focus here on implementing a bequest program, which can be as simple or sophisticated as your Center's resources can support. This makes it an extremely cost- effective program to implement and can be the first step toward a fully developed planned giving program. In this document “bequest” is a comprehensive reference for gifts that result from your organization being named as a beneficiary in a will or an estate or financial instrument, such as an IRA.

## What is a planned giving program?

A comprehensive planned giving program encourages current and potential donors, through marketing and education, to leave planned gifts to your Center upon their passing or to fund specific types of gifts that provide benefits to the donor during their lifetime and then become a gift to your Center upon the donor's (or beneficiaries') passing, such as gift annuities or charitable trusts.

Planned giving programs frequently work in concert with endowment programs to build up the endowment fund.

## Getting started

If you are going to launch a planned giving program, consider and plan for the following:

### 1. Board Buy-In

As with creating an endowment, the board must approve a planned giving program and may add the expectation that planned gift revenues be directed to the endowment. This will unify support for the program and the resources it will need. Because a planned giving program will likely not produce revenue for 3 to 5 years at a minimum, board support is critical. Given that the average size of a bequest is approximately \$30,000 to \$35,000, a planned giving program can be extremely cost-effective. A board's commitment to planned giving, while waiting for it to actually produce revenue, will prove to be a financially sound decision.

Ideally, if a few board members are knowledgeable and enthusiastic about planned giving, this will bolster other board members who are uncertain about planned giving. This support will be needed while waiting to receive the benefits of the program.

## 2. Policies

A planned giving program can have financial implications for the organization. Because the board has responsibility for the financial integrity of the organization, it will be important for the board, organization and staff to operate with board-approved gift acceptance policies. These policies describe what types of gifts will be marketed to potential donors and accepted by the organization, and under what conditions. These policies will also direct and guide staff on their roles and responsibilities and communicate good long-range planning and financial stewardship to Center members and donors.

Comprehensive gift acceptance policies for the Science of Mind Foundation are included in this primer beginning on page 34. While your program may not immediately undertake this scope of planned giving, request that your board accept comprehensive policies now so that, should a donor approach your organization to make a gift of real estate, for example, your Center will already know the circumstances for accepting such gifts and the steps to be followed. Otherwise, you will have to go back to the board, making your Center look unprepared and making the donor's experience in giving to your Center needlessly difficult.

Once these policies are in place, you and the team responsible for administering the actual program can implement the procedures to support them.

## 3. Identify prospective donors

Identifying prospective givers and developing and maintaining a relationship with them is pivotal to building lifelong connections that lead to endowment commitments. Here are some suggestions for identifying prospective bequest candidates:

- Members with a long history of annual gifts, especially if they have given for 5 years or more and are a current giver. These do not have to be major gifts. It is the loyalty of the individual to the Center that is important with this group of givers.
- Members who give significant, individual gifts
- Current and past board members, staff, and volunteers
- Multi-generational member families

Identify the composition of your constituency: does it have a diverse age range, are people single/married/families, retired/working, male/female? Women are an important presence in philanthropy with thoughtful and strategic influence behind their giving. Understanding your constituency helps you create more appropriate and meaningful messages to best communicate with each group.

In addition to your donors, allied professionals (estate planning attorneys, CPAs, or financial planners) can be considered part of your constituency. Many organizations have a model for the identification and cultivation of this group of individuals, however an Allied Professional Program is beyond the scope of this primer.

#### **4. Budget**

A planned giving program will require a budget. The greatest advantage of a planned giving program is that it can be effective with a minimal or significant budget. Expenses will generally include staff time, materials (brochures, handouts, etc.) and marketing the program. Your budget should reflect realistic expectations about the program funding required relative to when actual gifts will be received.

#### **5. Staff**

Whether supported by a staff member, volunteer, or board committee, the program will require the time and attention of someone who will:

- process gifts
- plan and manage marketing the program
- manage the donor data base
- oversee sending and replying to donor correspondence
- arrange personal contact with donors
- handle settlement of bequests, once notified
- support the board

Realistically securing those with the time and commitment to administer these program elements is critical. Taking on too much without adequate resources to follow up can turn success into failure.

#### **6. Program plan**

Knowing your budget and personnel options will define the scope of your planned giving program. For any organization, the most cost-effective and easy-to-administer gift option for a beginning planned giving program is the bequest. So create a plan (see Sample Action Plan) defining your program's activities that will accommodate your budget and staffing resources.

Your Center can spend as much or as little money and time as it desires to market your planned giving program — from a simple notice about bequests in the Sunday program or on the website, to a full- fledged program marketing and securing gifts ranging from bequests to life income gifts to real estate.

Maintain visibility for your program. You never know when a donor is considering drawing up their will, so plan to communicate your message often about the impact of their spiritual legacy to your Center.

#### **7. Involve prospective donors**

Each week set aside time to personally communicate with just one or two individuals with the purpose of simply thanking them for being part of your community. In these conversations, ask them what is meaningful for them about the Center and the Science of Mind philosophy in their life.

When you identify the people who are passionate about your Center and what Science of Mind means to them, deepen their commitment by involving them. Match what you learned about what is important to them with how your Center is making a difference in that area and how lives can be transformed through the partnership of their giving and your work.

#### **8. Marketing your program**

One advantage of focusing on bequests is that you will have a large audience to address. Everyone needs to create his or her own will. There are, therefore, many opportunities to secure the future of your Center as you educate your constituency about the importance of having a will and including a bequest to the Center.

Deliver this message frequently and consistently. Reinforce the connection between your donors' desire to express their philanthropic and spiritual intentions with the bigger picture of your Center's purpose. Instill a call to action in your communications, such as including a form to fill out or phone number to call.

Convey the message of creating a bequest benefiting the Center via as many avenues as possible. You can include information on your website, printed brochures, electronic mailings, articles in the newsletter, announcements in the Sunday program, or through promotional pew cards. It is effective to have members sharing about gift commitments they have made or providing recognition of planned gift donors at Sunday services. You can create a promotional tag line in your Center's email signatures and letterhead, host workshops, and provide recognition through donor walls and giving societies.

The quickest way for program momentum to stall is for the marketing effort to be sporadic or inconsistent. Marketing is sophisticated, complex, competitive, and technical. The marketing plan should include multiple types of outreach over a long period of time. Many donors consider a bequest their ultimate gift and may spend months of careful planning to ensure their gift fulfills their philanthropic desires. Frequent and consistent program visibility keeps the donor connected to the ultimate, spiritual impact their gift will make at your Center.

## **9. Mailings**

Employ a mailing program that combines thanks and appreciates donors along with informing them about bequests and the endowment. Rather than asking for a gift, send a personal cover letter combined with an informational brochure, newsletter or fact sheet sharing accomplishments of the Center and informing the donor about giving through bequests.

The key purpose of a mailing is to allow a potential giver to reveal their interest to you. Through a business reply envelope or directions to the website, include a way for them to request additional information, ask for personal follow-up, or indicate they have included your Center in their will. This allows you to comfortably respond, since their request indicates an interest. You will likely receive only a small response from these mailings, but the quality is high, because only interested people will take the time to reply. Just one meaningful gift could be worth much more than the cost of the mailing.

## **10. Electronic outreach**

Just as you utilize print options to reach donors and prospective donors, also utilize every available digital outreach. This includes a message on the donation page of the website, on the giving page, and as part of electronic newsletters and e-announcements, etc., with a way for the donor to be in contact with you or be contacted by you.

## **11. Small-group gatherings**

Invite small, select groups to an intimate social event hosted by a board or committee member in their home. Start the evening with socializing, but before dinner, take a few minutes to share an overview of your Center's future goals. Emphasize that to reach those goals the financial sustainability of the Center is paramount and the best and easiest way for that to happen is through bequests to the Center. You, or a board member who already has included the Center in their will, can make these comments, share that they have made this commitment, and express how good it feels to be part of that greater vision. Open the floor for discussion around bequests or about the future goals. Dinner then recaptures the social feel of the evening.

Follow up with a personal call to thank people for coming. State how you hope that if the Center or Science of Mind has been transformative in their life, they might consider a bequest in their will so that the same opportunity can be possible for future generations.

### **12. Wills and estate-planning seminars**

These seminars can be effective in gathering a large number of prospective givers together, yet because so many of these types of seminars abound today, setting your event apart can be a challenge. A qualified professional from your membership may achieve this through their combined ability to address estate and financial planning matters along with the alignment of a common spiritual philosophy.

However, as with any seminar or presenter, make it clear that attendees will not be solicited as prospective clients.

### **13. Recognition society**

Recognizing and publicly appreciating a relationship with a supporter strengthens their commitment and can stimulate others to see themselves making a similar gift. A recognition society allows you to openly thank important endowment donors, create awareness of the program among others who might consider such a gift, and potentially make you aware of deferred endowment gifts that might otherwise not be known until the donor's passing.

Recognition societies generally require only that prospective members confirm, either verbally or in writing, that they have included your organization in their plans. Gift amounts are not part of a planned giving recognition society. Recognition societies provide some benefits unique to the society, such as an annual appreciation dinner, face-to-face functions with the board, or other exclusive membership advantages.

## **Evaluating your planned giving program**

Evaluating the success of a planned giving program is a challenge given the outcome of the effort may not be seen for many years. A successful program is dynamic and all parties involved must be alert to opportunities and willing to proactively revise, revisit, and refine any and all elements of the program.

Do not delay your program or get discouraged. In the early years of the program, success can be assessed by the number and depth of relationships being built with donors and the activity of the program, such as mailings sent, replies received, and contacts made, rather than actual revenue. As the program evolves, you can begin to count the number of bequest intentions about which you are notified to evaluate the program (although many people choose not to disclose this information). Within 5 years, you will begin to realize some of those bequests. With education, awareness, and continuing to build relationships, the program will gain momentum and within 10 years, you will be realizing significant revenue from the efforts of those who planted the seeds long before.

For more information, contact Gary Schrenk, Executive Director, Science of Mind Foundation at [gschrenk@somfoundation.org](mailto:gschrenk@somfoundation.org) or 720-279-1623.

# Sample Documents

## Sample Action Plan

This sample plan is a guide for a smaller Center rolling out a planned giving program. Centers with a larger staff and financial resources can accelerate the timing of the roll out.

### Month 1

- Board approves planned giving program with resolution
- Board approves establishment of quasi or permanent endowment
- Investment and Gift Acceptance Policies and Guidelines are written/reviewed

### Month 2

- Board approves Investment and Gift Acceptance Policies and Guidelines
- Review giving records of constituency:
  - Identify major donors of sizeable individual gifts
  - Identify donors with significant lifetime giving
  - Identify consistent, long-time donors regardless of amount
  - Identify those who have previously requested information
- Identify other prospects from previous boards, committees or volunteer service

### Month 3

- Prepare marketing plan
- Prepare and submit budget (after identifying prospect pool and preparing marketing plan)

### Month 4

- Board approves budget
- Prepare program procedures (handling correspondence, dealing with stock gifts, tracking reports, etc.)
- Prepare marketing materials (brochure, handouts, inserts)
- Announce program at service and put announcement in Sunday program bulletin

### Month 5

- Create mailing to announce the program
- Create report to track mailing
- Follow marketing plan (i.e., ongoing message in Sunday program and on website, add quarterly will/bequest article to newsletter)

### Month 6

- Drop the mailing. Depending on your constituent analysis, budget and personnel capability to handle inquires, determine how many letters should be mailed at one time and stagger the number you mail out until all the donors and prospects you identified in Month 2 have received the mailing.
- Continue marketing plan (i.e., ongoing program message in Sunday program and on website, email notes to members)

### **Month 7**

- Track and respond to any inquiries from mailing. Visit if at all possible. If not then call, or if they are not responsive to a call, then send correspondence.
  - After your visit or call: send correspondence and make notes for future follow up based on what your conversation revealed (i.e., birthdays, life events, areas of interest about Center and information you can provide, etc.)
  - For all respondents to mailing create “Next Step” for follow up
- Evaluate and adjust any program component
- Continue ongoing aspects of the marketing plan

### **Month 8**

- Create a Recognition Society ( define name/logo, benefits, materials, related correspondence, website content, etc.) to honor those who have included the Center in their plans
  - Ask board members to become “Founders” for kick-off
  - Begin planning an intimate gathering for Recognition Society members (i.e., dessert reception at board member’s home. Good attendance by leadership important.)
- Begin contacting top donors identified in your constituency review for personal visits
  - After your visit, send correspondence and make “Next Step” notes for future contact (i.e., birthdays, life events, updates on area of interest about Center, etc.). Schedule only as many as you can handle for a high quality ‘follow-up’.
  - Encourage everyone to become a member of the “Founders” group
- Continue ongoing aspects of the marketing plan, like announcements on website. Add new component, such as a will/bequest article in the newsletter )

### **Month 9**

- Have Founding Recognition Society member announce Society (and the upcoming gathering event) at services. Have insert in program for attendees to identify themselves as bequest donors.
- Continue to encourage membership in the “Founders” group
- Prepare and drop mailing to announce creation of the Recognition Society and the gathering to Center membership with reply card
- Prepare and drop electronic announcements for Recognition Society. Direct them to website for inquiry/response.
- Continue contacting top donors for personal visits. Following each visit, send correspondence and make “Next Step” notes for future contact (i.e., birthdays, life events, updates on area of interest about Center, etc.). Schedule only as many as you can handle for a high quality ‘follow-up’.
- Continue marketing plan (add Recognition Society message in Sunday program, e-newsletter and on website)

### **Month 10**

- Drop 2<sup>nd</sup> Recognition Society and gathering announcement to membership to allow sufficient time for RSVPs (same reply procedure)
- Identify estate planning or tax planning professional in your membership who might write an estate-planning article for the newsletter. For “year-end giving” articles, include gifts of stock and make sure your brokerage account is set up.

- Continue marketing plan

### **Month 11**

- If it's end of year, send personal holiday message to major donors and bequest donors
- Make final big announcement for Recognition Society gathering at the service
- Board attendees meet before the gathering to review other attendees, discuss plans for evening and follow-ups
- Continue marketing plan. Add article about the gathering in newsletter and on website.

## **Sample Article 1**

### **A Good Idea**

It's a good idea for everyone reading this article to have a will. Through years of your hard work you have accumulated a lifetime of assets and it takes a properly drawn will for the distribution of those assets to reflect your exact wishes. To help you accomplish exactly that, here are some good ideas!

#### **1. Have a Will**

It sounds simple, but without a will you may as well give all you've worked for to the courts to give away for you. If you die without a will, the state must follow very specific rules for distributing your assets and it may not be what or who you had in mind. You can use the online will preparation service at the Science of Mind Foundation. On the home page, click "Create Your Plan" at [www.somfoundation.org](http://www.somfoundation.org) to find a secure and private space to collect all your information--and save, change, print or share it. This free service protects your plan, and it is not accessible to the Foundation—or to anyone unless to share it with them.

#### **2. Reflect What You Value Today**

The emphasis is on today. Suppose you wrote a will ten years ago. Since that time your life circumstances have changed. It is a good idea to review your will periodically to ensure your ultimate wishes for family, friends and treasured values are reflected. It is a good time to consider the spiritual legacy you can create for the world as you remember your Center in your plans.

#### **3. It is 10 p.m., Do You Know Where Your Will Is?**

Quick, where is the original of your will? Who else knows where it is? How fast can it be located? If your will can't be found, it's as if you never had one. Wherever you keep your will, make certain those most likely to be contacted following your transition are fully informed and can locate your will.

#### **4. Call Us to Let Us Know**

We would like to thank you personally for your generosity and vision for including us in your plans. And, we would welcome the opportunity to discuss any aspect of your bequest to ensure we understand exactly how you want your wishes carried out. This also provides an opportunity to include you in our Center's Legacy Recognition Society.

There are other ways to remember us in your plans. You can simply name the Center as a beneficiary of a retirement account or as beneficiary/owner of a life insurance policy you no longer need. If we can answer any questions, please contact\_\_\_\_\_.



## Sample Article 2

### How Long Has It Been?

How long has it been since you wrote your will? Since you updated it? Once your will is written, be it a formal or simple document, you can't forget about it. Just like you evaluate your financial portfolio and visit the doctor for checkups, you should also review your will. Personal wishes and circumstances change as well as the law. A general rule is to review your will every three years or, if you've had major life changes, more frequently.

#### Reasons to Update Your Will

Your personal representative is required to carry out the wishes you've put down in your will. There isn't room for second guessing your wishes or interpretation. If your will is out of date, those instructions must still be followed.

Here are some good reasons to consider reviewing your will:

- Your marital status has changed since the will was written.
- You had no children when the will was originally written and you're now a parent, or you have more children than when you originally drew up your will.
- Your children are all now at least 18 years old.
- You'd like to add or remove beneficiaries.
- You've acquired or disposed of a significant asset, such as a house or business.
- You've changed your mind about how you'd like your assets to be distributed after your passing.
- The value of your estate has increased or decreased significantly.
- You'd like to add or change the charities named in your will.
- You've moved to a different state.
- New laws have been passed that would affect your estate.
- You'd like to change the people originally designated as guardians, trustees or personal representatives.
- Someone named in the original will has died.
- It's been more than 5 years since an attorney last reviewed your will.

#### How to Change Your Will

It's important to work with your attorney to ensure your will and any changes properly reflect current law. It may be sufficient to create a codicil to your will or it may be necessary to revise the entire will depending on your changes. As you review your will, we ask you to include the Center in your plans with a bequest. You can also simply name the Center as a beneficiary of your retirement account or as beneficiary/owner of a life insurance policy you no longer need. We thank you for remembering us in your estate plans. Your spiritual legacy today allows us to always be a welcoming spiritual home for all. After your plans are complete, we hope you will let us know so we can express our appreciation to you today. If you have any questions, please contact \_\_\_\_\_.

### Sample Article 3

## The Gift That Won't Affect Your Cash Flow

What if we could describe a way to make a gift today that:

- wouldn't affect your cash flow,
- would let you breathe a little easier in uncertain times, and
- would make you feel good knowing you can continue your commitment to the spiritual teaching that changes lives and makes the world a better place?

We can show you how to do that just by considering a charitable bequest to the Center in your will. Without a doubt, your current gifts are vital to our programs, but your support beyond your lifetime will allow us to continue as a spiritual resource to our members, our community, and the world.

### How to Make Your Gift Last

You can designate a specific bequest of a sum or asset. Or, you may choose to direct a percentage of the remainder of your assets to the Center after bequests to your loved ones have been fulfilled.

We encourage you to call us as you work with your attorney so we can provide the proper language for ensuring your gift is directed exactly as you want. When your plans are complete, we invite you to let us know. We would like to thank you for the thoughtfulness of your decision and your commitment to our enduring presence as a spiritual home.

Giving can take many forms if you are not working on your will. You can name the Center as a beneficiary of your retirement account or as beneficiary/owner of a life insurance policy you no longer need. If you have any questions, please contact \_\_\_\_\_.

### Sample Article 4

## The Easiest Gift

You can make a wonderful gift today that doesn't impact your cash flow or your portfolio that complements your personal lifestyle and financial goals, and allows you to change the future.

All that *and* it's easy? Yes! You can do all this with a bequest to the Center in your will or revocable trust. Your bequest gives us financial permanence, helps us weather difficult economic environments, and promotes sustainability for the future.

We encourage you or your advisor to call us to discuss the difference you can make with your gift. Let us provide appropriate language to ensure your intention can be explicitly carried out. You can also remember the Center by naming us as a beneficiary of your retirement plan account or as beneficiary/owner of a life insurance policy.

You may think of your will as a legal document, but we think of it as a spiritual instrument. We thank you for looking beyond your lifetime to make sure we can continue to change lives and make the world a better place. If you have any questions, please contact \_\_\_\_\_.

## Sample Bequest Brochure for Centers

SOM Foundation will add your Center's contact information and send you the brochure file to print for use in your endowment program. Contact the Science of Mind Foundation: 720-279-1623 or [gschrenk@somfoundation.org](mailto:gschrenk@somfoundation.org).



### Your lasting impression

We all leave an impression in this world during our lifetime. The impression you leave is created by your choices and their imprint on the lives of others. Through your will, you can express gratitude to those who have touched your life, support treasured causes and perpetuate lifelong values and beliefs.

Your will presents an unparalleled opportunity to benefit countless lives through sustaining the teaching and message of our amazing spiritual philosophy, the Science of Mind.

As a powerful, pivotal document, your will allows you to:

- exercise your legal privilege to make your own choices on how you wish to remember people and organizations
- maintain flexibility and control of your assets during your lifetime
- employ tax-wise strategies in passing wealth and assets to others
- sustain our future and make a healing difference in our community and the world.

### Bequests

To make a difference for future generations and continue your spiritual light, we hope you will include us in your plans with a bequest. When planning your bequest, consider these steps:

- 1 Provide our full name, location, and tax ID number located on the back to avoid confusion among organizations with similar names.
- 2 Decide on the type of bequest you want to make —
  - ◆ A **specific bequest** allows you to designate a specific dollar amount, percentage, or asset.
  - ◆ A **residuary bequest** allows you to designate all or part of the property remaining in your estate after specific bequests and estate expenses are paid.
- 3 Seek the advice of an estate-planning professional with expertise in these gifts.

### Beneficiary designations

Beneficiary designations create wonderful opportunities to leave an important gift without having to make a current cash outlay.

**Retirement Plan Assets.** These can be subject to potentially significant layers of taxation. Designating us as a beneficiary of your retirement plan, while leaving less tax-burdened assets to your heirs, may result in important tax savings.

**Life Insurance.** If you have an existing life insurance policy you no longer need, naming us owner and/or beneficiary allows your ultimate gift to be far greater than your original investment in the policy.

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### Perpetuating our presence

Your abundance makes a powerful difference and touches humanity when you use it to financially sustain our spiritual community. The effect is unseen, like sunlight on ripening grain, but it has a profound effect on the future.

Your financial support demonstrates the Law of Circulation, not only in a monetary sense, but through the flow of unity, love, and transformation that is created as our spiritual teaching touches the lives of so many in our community and the world.

We hope one of these giving ideas in this brochure will be right for you and that we can be part of helping you make the difference you want to make in the world. If you include us in your plans, we hope you will let us know. We would like to offer our thanks to you today for your thoughtfulness and generosity.



### Circulation in action

We invite you to direct your bequest to our endowment fund to allow us to perpetuate our role as a vital spiritual and community resource.

Gifts to the endowment are different from annual giving, which supports operational and program needs. Endowment gifts are invested and the income earned provides revenue that gives us financial stability through any economic climate. But to maintain our financial strength this fund must grow. That is why your gift is so important.

For further information on bequests or other ways to give, please contact:

Rev. Nadene Rogers  
Calgary JOY of Life  
Centre for Spiritual Living  
811 1st Ave N.E. T2E 0C2  
Calgary Alberta Canada  
403.247.0602  
joyus@telus.net  
Tax ID # 88024 9503 RR0001

This brochure does not represent any legal or tax advice. Please contact a qualified professional advisor when considering estate-planning or charitable gift arrangements.

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## Your legacy our future

## Sample Bequest Handout Sheet for Centers

### YOUR LEGACY. OUR FUTURE.

We have a most precious opportunity – creating a spiritual home for men, women and children, for today and tomorrow and providing spiritual tools to change their lives for the better. We do make the world a better place. We could not do this without you. You are the catalyst for positive change and we ask, “If *your* life has been changed by these teachings, why not create the same opportunity for future generations?”

To do this, we invite you to support the everlastingness of our Center and the life-changing teachings of Science of Mind through a bequest in your will. Here are sample bequest descriptions and language of the two most common types of bequests to share with your attorney:

#### ***Specific bequests***

These bequests are stated as a specific dollar amount, a specific percentage or a specific asset (such as a building or a collection). You may want to consider a specific percentage bequest so that, should your assets grow over time, your future gift will always be as meaningful as you originally intended.

#### ***Residuary or remainder bequest***

This bequest is distributed to the Center after all of your estate’s expenses and specific bequests are honored. A residuary bequest, often expressed as a percentage, also allows your gift to reflect changes in the value of your assets.

#### ***Sample Specific or Remainder bequest language***

"I give, devise, and bequeath to the \_\_\_\_\_ located in \_\_\_\_\_, Federal Tax ID number \_\_\_\_\_, ...

1. For a specific amount = State specific amount in dollars or as a percentage,
  - ...10% of my estate, ***or***
2. For a specific asset = Describe specific asset such as personal property, real estate, or other asset,
  - ...my personal residence located at\_\_\_\_\_, ***or***
3. For a remainder = State as all or part of the remainder of the estate (usually a %),
  - ...20% of the remainder of my estate ... to

best carry out the Center’s objectives and mission.”

You can also make a forever gift by designating us as a beneficiary of your retirement account or other financial account or consider designating the Center as owner of a life insurance policy you no longer need. Please contact us if we can help you create your spiritual legacy for the future.

CONTACT INFO HERE

## Foundation Bequest Handout Sheet

The Foundation uses this bequest handout sheet.



### Remembering the Science of Mind Foundation in Your Will

A will is perhaps the most important document you can have. It is critical to making sure your wishes are carried out exactly as you desire.

When you name the Science of Mind Foundation in your will, you become part of something that can't be quantified. You become part of the global impact the programs of Centers for Spiritual Living make each day – the Holmes Institute and our Education program, the World Ministry, our Youth program, *Creative Thought* and our hallmark publication that touches so many lives, the *Science of Mind* Magazine. We thank you for that.

Here are descriptions of the most common types of bequests. Be sure to go over them with your attorney as you discuss including the Foundation in your plans.

- A specific bequest: a gift of a specific dollar amount or specific asset.
- A percentage bequest: a gift of a percentage of your estate.
- A residuary bequest: a gift for the "rest, residue and remainder" of your estate. This bequest comes to the Foundation after all your specific bequests, debts and taxes have been paid.

When creating your bequest, here are three facts your attorney will need:

- Our Legal Name: Science of Mind Foundation
- Our Address: 573 Park Point Dr., Golden, CO 80401
- Our Federal Tax Identification Number: 27-0231514

If you or your attorney have any questions, please contact Gary Schrenk at 720-279-1623 or [gschrenk@somfoundation.org](mailto:gschrenk@somfoundation.org). You can also find additional gift information on our website at [www.somfoundation.org](http://www.somfoundation.org).

*The Science of Mind Foundation is a Colorado not-for-profit 501(c)(3) supporting organization of Centers for Spiritual Living and our worldwide community of affiliated Centers.*

Sample Two-sided Insert

The Foundation uses this two-sided insert in mailings to allow donors to identify their interest. Customize it with your Center’s own inspiring vision.

**Your Spiritual Legacy**

If the Science of Mind teaching has given you a greater connection with God and tools for a more joyful life, why not create the same legacy for future generations?

You can create a spiritual legacy with a:

- Bequest in your will,
- Beneficiary designation on your IRA,
- Gift of an insurance policy,

At the same time, you can:

- Protect and provide for family and friends,
- Ensure how you want your assets distributed,
- Have the flexibility to change your mind,

I have already included the Center in my plans.

I would like to include the Center in my plans.

Please send information on the above ways to do so.

---

Name

---

Address

---

City, St. Zip

---

Best Phone

---

E-Mail

---


Please use the contact information on the other side to return this form.

**Gifts for the Future**

**A Bequest:** designate a specific dollar amount or property, a percentage of your assets, or a residual amount of your estate to the Science of Mind Foundation

**An IRA Beneficiary Designation:** Name Science of Mind Foundation one of the beneficiaries.

**Gift of Life Insurance:** Name the Foundation as a beneficiary of a policy you no longer need.



**Advancing the life-enhancing, spiritual practices of Science of Mind in support of Centers for Spiritual Living and its worldwide community of Centers.**

To make a difference in the future through your plans today, please give us a call. We would be pleased to help.

Gary Schrenk  
 720-279-1623  
[gschrenk@omfoundation.org](mailto:gschrenk@omfoundation.org)  
 573 Park Point Drive  
 Golden, CO 80401

Science of Mind Foundation is a 501 (c)(3) not-for-profit organization.  
[www.somfoundation.org](http://www.somfoundation.org)

## Sample Insert

The Foundation uses this insert as an information and outreach piece.

## Your Spiritual Legacy

If the Science of Mind teaching has given you a greater connection with God and the tools for a more joyful life, why not create the same legacy for future generations?

You can create a spiritual legacy with a:

- Bequest in your will
- Beneficiary designation on your IRA
- Gift of a life insurance policy
- Gift of your home while you live in it.

At the same time, you can:

- Protect and provide for your family and friends
- Ensure how you want your assets distributed
- Have the flexibility to change your mind.

If you want to make a difference in the future through your plans today, please contact us for assistance.

*Science of Mind Foundation advances the life-enhancing, spiritual practices of Science of Mind through support of Centers for Spiritual Living and its worldwide community of Centers.*



Gary Schrenk  
720-279-1623  
[gschrenk@somfoundation.org](mailto:gschrenk@somfoundation.org)  
[www.somfoundation.org](http://www.somfoundation.org)



Science of Mind Foundation is a 501(c)3 not-for-profit organization.



## Sample Correspondence

### Reply to a Notice That Your Center Has Been Included in a Will

Date

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear \_\_\_\_\_,

Thank you! I am so pleased to be thanking you for your inclusion of \_\_\_\_\_ in your *[will, trust, estate plans]*. On behalf of the Board of Directors, I extend our appreciation for your gesture of commitment and vision to allow the Center to be a spiritual resource to our members, our community, and the world.

As Ernest Holmes said, “Nothing is more important than that we receive Divine Guidance in everything we do.” Through your bequest, we can continue to create a more spiritually centered world.

If you have any questions, you can reach me [provide contact information]. It would be my pleasure to talk with you and have the opportunity to thank you in person.

Signature Block

## Reply to a Notice from an Attorney That Your Center Has Been Included in a Will

### ATTORNEY COVER LETTER

Date

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear (Attorney's Name)

Thank you for notifying the \_\_\_\_\_ that it has been included in your client's [*will, trust, estate plans*]. While respecting the confidentiality of your client relationship, I hope you will forward our enclosed letter of thanks.

Signature Block

Contact Information as needed

### DONOR ACKNOWLEDGMENT LETTER

*(Enclose with Attorney Cover Letter, on separate sheet of letterhead, for the attorney's convenience include a **postage paid** mailing envelope.)*

Dear Friend,

Attorney's Name has recently informed me that you have included \_\_\_\_\_ in your [*will, trust, estate plans*]. On behalf of the Board of Directors, I extend our appreciation for this thoughtful gesture.

We respect your desire for confidentiality at this time, but want to thank you. Your bequest will allow the Center to continue as a spiritual resource to our members, our community, and the world.

As Ernest Holmes said, "Nothing is more important than that we receive Divine Guidance in everything we do." Through your bequest, we can continue to create a more spiritually centered world. Any time it is comfortable for you, it would be my pleasure to talk with you and have the opportunity to thank you in person.

Signature Block

*Contact information in this letter should be on the letterhead but not in the body of the letter in respect of what you have indicated to the attorney.*

## The Bequest Recognition Society

Honoring and Stewarding Your Bequest Donors through a Formal Recognition Society.

Donors leave bequests to charitable organizations because they care deeply about the organization. No matter the reason, somehow that organization struck a chord in their belief system or provided them with a service that is now part of the fabric of their lives, so they arrange to leave a portion — sometimes a significant portion — of their lifelong, hard-earned assets to that organization. You want that organization to be your center. But these individuals deserve attention, nurturing and stewardship particularly because bequests are revocable.

You can begin honoring these special members of your center by creating a recognition society. This allows you to develop long-term relationships with your members, fulfills their desire for appreciation, lets them know their gifts are not taken for granted, and that their wishes will be honored.

With bequests, stewardship is essential because people can change their minds about a bequest at any time for any reason. And since circumstances will change over a person's lifetime, consistently expressing appreciation for your members' bequests can be strategically important for your center and personally important for them. So how do you accomplish this? A bequest recognition society is a very effective way to do this. The degree to which you develop this program depends on both your financial and staffing resources, but the beauty is you can adapt it to the extent of your resources. Here are some action steps you can take to create your recognition society.

### Action 1 -- Define the Society's Purpose

- Recognition – the primary purpose for forming this group is to recognize those who have left a bequest to your center or provided some other eventual gift after their transition. Some people consider this gesture to represent an “ultimate” gift and making the donor feel special and honored for this exceptional commitment is vital in maintaining their connection with your center.
- Building Relationships – publicly recognizing members of this society encourages others to consider bequests. Others who have already included your center in their will may decide to let you know so they can participate in the bequest recognition society's events and other benefits. A recognition society allows you to build a closer relationship between these individuals and the center's future. It may open the door for greater financial commitment to the center, either through their outright giving, by increasing their bequest, or through other estate gifts.

### Action 2 -- Determine Membership Qualifications

Right now, your planned giving program is being driven by bequests, but you still want to plan for the future with a comprehensive society in terms of other planned gifts to recognize. Members of the recognition society can also be individuals who have named your center as a beneficiary of their IRA, a life insurance policy, or a trust.

You also must decide what documentation you will require for someone to become a member of the society. Your recognition society can:

- Admit all who indicate verbally or in writing that your center is in their will or estate plans, or
- Admit only those who provide a copy of the bequest language from their will or other document or provide a letter of commitment (this practice is often employed in higher education).

Depending on your constituency, what you require may impact the success of your recognition society. While many donors willingly share this documentation, some may have privacy concerns or regard a request for this disclosure as pushy. If this occurs, you lose a valuable opportunity to identify and steward these individuals and preserve their commitment to your center. Many bequest recognition societies have an inclusive approach where written or verbal indication is sufficient. A copy of the will (or the portion that pertains to the bequest), may be requested but is not required. *Note:* the written indication can simply be a checked box on a card inside your bequest brochure indicating they have included your center in their estate plans.

### **Action 3 -- Name the Society**

Selecting an appropriate name for your recognition society requires more consideration than you might think. For instance, regardless of how instrumental or important they are to your center, it can be risky to use the name of a living person. The more visible and successful a person is the more opinions vary about that person. Additionally, there is the likelihood that others (also living) may feel equally worthy and wish the society could be named after them.

Here are some considerations to keep in mind when choosing your bequest legacy society's name:

- It should represent something that is core to the organization and the society's members,
- It should convey a recognizable aspect of the organization's identity, mission, principles, or programs,
- It must be timeless. It must stand the test of time beyond trends, fads, shifting branding campaigns, capital campaigns, leadership changes, etc.,
- It should contain the word 'legacy' to descriptively identify that its members have made legacy gifts to the organization and are committed to the perpetuity of the organization,
- If it is named after an individual, it should be a founder or a leader who was instrumental in building the organization. When considering naming the society after an individual, it should be a person who has passed more than five years from the naming of the society. This generally ensures there will be no undesirable revelations about the individual after the society is named,
- It should not be named after anything that causes confusion about the purpose of the society or does not relate to the organization.

### **Action 4 -- Determine the Benefits**

Because of their ultimate remembrance of your center, bequest society members receive benefits, recognition or appreciation unique to the society to reflect the unique generosity of this type of gift.

- **Annual Event**

The main activity of the recognition society is often an annual event dedicated solely to thanking the members. It is a special event just for society members and is never a fundraising event. This annual event focuses on extending your appreciation for the caring, philanthropic gesture they have extended to your center.

- **Other Activities**

An assortment of other special activities for society members should involve them in the difference they will be making in the future of the center and humanity. Involve them in special interactions with center leaders or board members – perhaps a gathering to share a more in-depth review of the center's

accomplishments or a dessert reception at a board member's home to share the goals and vision you have for the center. You can allow members to bring guests to certain events, although do so judiciously. These individuals may well become your next bequest donors, but you don't want to dilute the distinction of membership for those who already belong.

- **Recognition levels within the Society**

Unlike giving club levels for major givers, bequest recognition societies generally do not distinguish between bequest amounts. A \$500 bequest donor is recognized equally alongside the \$1 million bequest donor.

Some organizations do distinguish between the disclosed amount of members' bequests and how they are recognized within the overall recognition society, such as Golden Legacy Members, Silver Legacy Members, and Bronze Legacy Members. The rationale assumes that a million-dollar donor should receive more recognition for their larger gift; however, here are some examples of why this is a potentially controversial decision.

- Suppose a member leaves a \$500 bequest, which represents an amount s/he struggled to earn and leave to your center for the life-saving spiritual nourishment it provided him/her. Does that amount deserve less recognition than a million-dollar bequest motivated perhaps by estate tax considerations?
- Suppose the \$500-donor has been publicly acknowledged at a seemingly lesser level of bequest "value", a Brass Legacy level, than the million-dollar donor, a Gold Legacy member. Suddenly, the \$500 donor wins the Super-Ultra-Ultra Lottery or experiences good fortune in some other way. How will you feel now about approaching this person seeking an increased bequest?

Your recognition society will serve your center best by endeavoring to maintain equality among its members. All recognition society members are invaluable to the long-term sustainability of your center.

### **Action 5 -- Launch the Society**

While references to the recognition society will be a part of the overall marketing of your bequest program, launching the society involves its own marketing plan. Announce the society with a grand splash! Its sole purpose is to recognize a special group of supporters who are making a unique commitment to your center's future.

- **Leadership.**

Start with your board and committee members. Discuss the formation of the society, its importance to the future of the center and that you hope to welcome them as Founding Members. If former board members remain close to the center, include them as they may have remembered your center in their estate plans.

- **Bequest donors.**

Send a letter to those who are known to have included your center in their plans and extend Founding Member status if they would like to be in the society. Out of respect for the commitment this group has shown your center through their bequest, notify them first about the society and the opportunity to be a Founding Member.

Next send the letter to those for whom there is a high degree of certainty that your center is in their plans – from members to staff to volunteers. As an inducement to confirming the center is in their plans, let them know you would like to include them as a Founding Member if they will confirm their bequest benefitting your center.

- **Broad Launch.**

A week or two after that outreach, begin a broad launch of the bequest society by:

- Placing an article about it in your program, newsletter, etc.,
- Having an information sheet or brochure on display in your center. Make sure these communications have a notification mechanism or contact information so you can be notified of new members or so people can request additional information,
- Sharing the news in your Sunday message and tying that into a talk on abundance, prosperity, perpetuity, and making a difference when you leave a bequest.

The marketing never stops. For instance, if one of the special benefits you designed for society members is an exclusive breakfast with the Senior Minister or Chairman of the Board in June, place an article announcing the upcoming event beginning in your March program, newsletter or a general mailing. Invite all those who meet the criteria for the society to let you know (by a certain date), so they can be included in the invitation list. After the event, write another article that describes the event, the fun had by all, and again invite people to notify you if they qualify as members so they won't miss out on upcoming member activities.

After the first year of the society's launch, proudly announce the "First Anniversary" with the same enthusiasm and capitalize on the same marketing opportunities you used to launch the society.

### **Action 6 -- Welcome Members**

When someone joins your society letting you know your center is in their plans, welcome them with a personal thank you call and note. If it is affordable you may choose a small memento to signify their new membership. After selecting the gift, thinking about how you deliver it can provide you with more options to develop that critical, long-term relationship. Will it be:

- At an annual new-member event?
- At the legacy society annual event?
- Through the mail with a thank-you letter?
- Via a personal visit?

A personal visit is always preferred, because the face-to-face contact helps form a connection. Your conversations allow you to gain insight into your members' passions and set the stage for their future involvement in an area of greatest interest to them. Once involved, their support may increase – from volunteering to financial support.

### **Action 7 -- Plaque Recognition Walls**

Plaque recognition walls create excellent visibility for the society for anyone who is at your center – from members to visitors to staff to volunteers. Before you undertake your donor wall, decide on these details:

- What will be required to maintain the wall, such as purchasing, engraving and installing the plaques?
- How will you celebrate a member's plaque when it has been installed? Will you send a letter announcing that it has been mounted? Will you send photos of the wall with close-ups of their plaque? Will these be presented in a special frame? Will you invite them to visit so you can personally show them their plaque and thank them again for their gift?
- What will you do with the plaque when the donor passes? If you have the space, you can leave it up with an indication for those who have made their transition. If you remove the plaque, what will you do; will you present it to a surviving loved one?

As you can see, there are marketing and stewardship opportunities with plaque walls, however, attending to the logistics can become time-consuming, particularly as your program grows.

### **Action 8 -- Publication of Members' Names**

For some, seeing their names published as recognition for their special gesture can be a very proud moment, but when publishing names you must address these criteria:

- Where will you list the names: the center newsletter, a recognition society brochure, the website, at events?
- How often will names be announced — as received, quarterly, annually?
- Will only new members be listed or, if it's a continuing roster, how will new members be distinguished from current members?
- Will you have Founding Members and how will they be distinguished?
- How will you let members know when and in what publication their names will appear?
- If a member's spouse passes, what will you do? You may wish to continue recognizing the couple, but place an asterisk by the deceased's name (John\* and Betty Smith).

Each of these decisions can lead to an opportunity to market your program and steward society members, but underscores the importance of planning for the details.

### **Action 9 -- Confidentiality**

Members of your recognition society are entrusting you with personal and intimate aspects of their lives, therefore, confidentiality must be honored. Some individuals may choose to join the society, but will not want to be recognized, perhaps because they fear their privacy will be invaded and that they will be inundated with unwanted attention and additional solicitations. You must convey to members your ultimate respect for their privacy. This means you must develop a foolproof system for confidentiality and recognition by:

- Fully disclosing the avenues you will use to recognize society members,
- Allowing them to indicate their preferences,
- Use recognition as an opportunity to stay in touch and let members know you continue to appreciate the significance of their gift. You can correspond on an annual basis to see if their preferences have changed.

### **Action 10 -- Hold the Annual Recognition Event**

This will be the signature event of the recognition society. Why? Because this is not a fundraising event, but one held solely so your center can thank these members — during their lifetime — for the

difference their gift will make after they are gone and to express appreciation that they have chosen your center to help make that difference of a lifetime. While planning your event, consider these fundamental elements:

- When to hold the first one: Within the first year of your launch and as soon as you have enough members who can and will desire to attend whatever kind of event you plan.
- Type: Depending on the size of your society and budget, this event can run the gamut from a gala dinner to an intimate gathering in a board member's home.
- Timing: Two things hold the most influence over attendance at recognition society events: time of day and the potential for inclement weather. Given that senior citizens comprise the majority of recognition society members, select a time of year when the weather is favorable with ample daylight hours. Keep in mind that the summer months may reduce attendance because of vacation schedules.
- Location: Depending on the activity or theme for the event, it can be held at any location, from your center, to a restaurant, to a board member's home. In some circumstances, the location alone may entice people's attendance. When arranging the location, don't overlook the need for convenient parking facilities and easy access, such as limiting the number of stairs or distance to the entrance, for those who are older or disabled.
- Frequency: This event generally takes place once a year primarily because of the logistics and planning required to set it up (invitations, location, agenda, etc.) and follow up.
- Follow-up: Follow-up offers you a wonderful opportunity for prompt, additional personal contact with your society members. For those who attended, sending a letter of thanks for attending adds to the good experience of the event. For those unable to attend, a letter saying "We missed you" can create equally appreciative feelings. To raise awareness of the bequest program and society, communicate the success of the event with your congregants.

### **Action 11 -- Include the Spouse/Partner**

You might think that just because a couple attends your center, both would support your center with a bequest. Sometimes couples support the same causes together. Sometimes they do not. However, one thing is certain: if you overlook nurturing the relationship with each person, you may be overlooking a future bequest. Include the spouse or partner in all correspondence and invitations to events and activities.



Sample Resolution to Establish the Endowment

NAME OF CENTER  
Board Resolution

WHEREAS, the \_\_\_\_\_ is a nonprofit corporation organized and existing under the laws of the State of \_\_\_\_\_; and

WHEREAS, the \_\_\_\_\_ has made a commitment to the development of funds from public sources for the support of the programs and operation of the \_\_\_\_\_; and

WHEREAS, the \_\_\_\_\_ desires to expand its financial capacity to meet future needs, unexpected fluctuations in income, and to fully discharge its mission; and

WHEREAS, the \_\_\_\_\_ recognizes the need to encourage donors to contribute funds for its future use and purposes, and that to do so, \_\_\_\_\_ must provide a method of managing and investing such funds; therefore

BE IT RESOLVED that:

1. The Board of Directors (Board) of \_\_\_\_\_ will establish a quasi-permanent endowment to be called the \_\_\_\_\_ Endowment.
2. The endowment will initially be held at the \_\_\_\_\_ {name of fiduciary institution}. As the endowment grows, the Board will evaluate the appropriate financial instruments or institutions to hold or manage the fund.
3. The Board will establish policies for administration and investment of the funds held in the endowment.
4. The Board will utilize Generally Accepted Accounting Practices for treatment of endowment funds, for reporting to donors, to monitor spending, and fund investment management and comply with all federal and state reporting and disclosure requirements.

CERTIFICATE OF ADOPTION

We the undersigned do each hereby certify that the above and foregoing resolution was duly adopted on \_\_\_\_\_ by the Board of Directors of \_\_\_\_\_ at a regular meeting of the Board held with due notice and in compliance with its by-laws and Articles of Incorporation at which time a quorum was present and has not been modified or revoked.

\_\_\_\_\_  
President

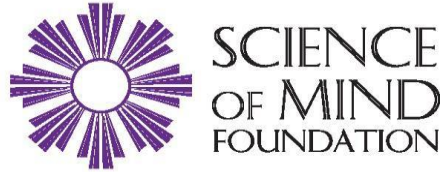
\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Date

## Science of Mind Foundation Gift Acceptance Policies

For a version of these policies as a Word document, please email [gschrenk@somfoundation.org](mailto:gschrenk@somfoundation.org). The Foundation will assist you in customizing the policies for your Center.



# Gift Acceptance Policies and Guidelines

Science of Mind Foundation (SOMF), a 501(c)(3) non-profit organization, incorporated under the laws of the State of Colorado, exists to promote, raise funds, maintain and operate an endowment fund for the global advancement of awareness and understanding of the philosophy of Science of Mind through support of Centers for Spiritual Living and institutions, churches, organizations, and study groups which teach and promote the philosophy of the Science of Mind.

These policies and guidelines govern the acceptance of gifts made to SOMF for its benefit. The SOMF board, at its discretion, reserves the right to decline any gift.

SOMF will market current and planned gift vehicles to donors to assist in their realization of their philanthropic objectives. In marketing these gift vehicles SOMF will always encourage donors to consult a qualified, professional financial or estate planning advisor. **SOMF and its representatives will abide by the Model Standards of Practice for the Charitable Gift Planner (attached).**

## I. Purpose of Policies and Guidelines

The SOMF Board of Directors and its staff solicit current and deferred gifts from individuals, corporations, churches, centers, businesses, and foundations to secure the future growth and purpose of SOMF. These policies and guidelines provide guidance to current and prospective donors and their advisors when making gifts to SOMF. The provisions of these policies shall apply to all gifts received by SOMF for any of its programs or services.

Recording of gift values for internal purposes will follow currently accepted accounting policies, GAAP. For donor recognition purposes, gifts will be recognized according to their current fair market value or determined "gift" value according to IRS regulations.

## II. Use of Legal Counsel

When appropriate SOMF shall seek the advice of legal counsel in matters relating to the acceptance of gifts.

Review by counsel is recommended for:

- a. Gifts involving contracts or other documents that require SOMF to assume an obligation.
- b. Gifts subject to any conditions or pre-arrangements.
- c. Gifts naming SOMF as Trustee or Co-Trustee.
- d. Transactions with potential conflict of interest that may invoke IRS sanctions.

## III. Conflict of Interest

SOMF urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.

## IV. Types of Funds

SOMF shall accept cash and cash equivalent gifts as contributions for the following Funds:

*Named Endowed Program Fund:* a Named Endowed Program Fund (Program Fund) is an endowed fund established by the SOMF to accept donations from donors, corporations, organizations or other parties interested in supporting specific program areas of Centers for Spiritual Living. Program Funds are: Centers for Spiritual Living Youth Fund, Centers for Spiritual Living Education Fund, Centers for Spiritual Living Science of Mind Magazine Fund. Each of these funds acts as a general permanent endowment whereby the principal is held in perpetuity for investment and only the earned income is spent as an unrestricted distribution to the corresponding program. The minimum gift to support a Program Fund is \$500. Donors may contribute at any time. Program Funds will not make distributions until the individual fund's market value reaches \$10,000 and will follow the payout model for income distributions as specified in the fund disclosure agreement. For Program Funds, investment earnings may be counted toward the minimum. Should the market value of a Program Fund fall below this value, payouts will be suspended until the fund's market value exceeds that amount.

*Named Endowment Fund:* a named endowment fund acts as a restricted, permanent endowment fund whereby the principal is held in perpetuity for investment and only the earned income is spent as designated by terms of the accompanying endowment agreement between the Foundation and donor. A donor may be an individual, corporation, organization, CSL Center or other entity. These funds may be named in honor or memory of an individual or other appropriate name. The minimum gift amount to fund a Named Endowment Fund is \$25,000.

With Named Endowment Funds distributions are designated to a specific entity – i.e. Centers for Spiritual Living, a CSL program, or a CSL affiliated or non-affiliated Center. The endowment agreement will address, but not be limited to, fees and payout model for the fund. When initially funded with the minimum gift amount, annual distributions may begin. The fund minimum may also be fulfilled through pledged gifts over a 5 year time frame (investment performance does not accrue to fulfillment of gift commitment/fund minimum). Should the market value of a Named Endowment Fund fall below this value, payouts will be suspended until the fund's market value exceeds that amount.

## **V. Types of Gifts**

SOMF shall accept the following gifts:

- Cash
- Securities
- Closely Held Stock and Other Business Interests
- Grants and Sponsorships
- Real Estate
- Oil, Gas, Water and Mineral Interests
- Planned or Deferred Gifts
  - Bequests
  - Life Insurance
  - Charitable Gift Annuities
  - Charitable Remainder Trusts
  - Charitable Lead Trusts
  - Retained Life Estates
  - Bargain Sales
  - Beneficiary Designations

The following criteria govern the acceptance of each gift form:

### **CASH**

All outright or pledged gifts of cash, regardless of amount, in the form of U.S. currency, shall be deemed appropriate unless there is evidence the gift was gained by illegal or unethical means. Gifts made by credit card are also accepted. Pledges are generally to be completed in five years.

## SECURITIES

### *Description*

SOMF accepts gifts of publicly traded securities including stocks, mutual funds, municipal and corporate bonds, and treasury bills, notes and bonds. These gifts may be:

- Transferred electronically into an SOMF account.
- Delivered physically with the transferor's signature or stock power to the SOMF office or to a staff member.
- Delivered by postal delivery to SOMF's office or brokerage account.

### *Guidelines*

SOMF will authorize the sale of a stock gift to occur immediately upon the receipt of the gift in the SOMF account at the brokerage firm unless otherwise directed. In some cases, securities may be restricted by applicable securities laws and in such instances the final determination on the acceptance of restricted securities shall be made by the SOMF Board.

For the donor, the gift date is the date when the securities are irrevocably transferred to SOMF, whether by physical, postal, or electronic delivery. SOMF will acknowledge the donor's gift and confirm receipt of number of shares, issue and type of stock, date of receipt of shares, and tax-deductibility.

Acknowledgment to the donor for gifts of publicly traded securities can also include the high and low price per share and the mean of those values on the gift date or the closest trading day per IRS stipulations.

## CLOSELY HELD STOCK AND OTHER BUSINESS INTERESTS

### *Description*

Donors may make gifts of closely held stock and limited partnership interests. These can be accepted by SOMF after review by the Board to ensure SOMF assumes no liability in receiving them and the property can be sold within a reasonable period of time.

### *Guidelines*

- Limited partnership interests must not subject SOMF to any liability or have adverse tax consequences.
- Closely held stock may be accepted if the probability exists of selling within a reasonable period of time to the corporation, other stockholders or interested parties.
- Contributions of S Corp Stock and the tax implications will be carefully discussed with the donor and the donor's advisor.
- Royalty interests will be accepted.
- A gift of any asset not readily negotiable must be reviewed by the Board.

## REAL ESTATE

### *Description*

Gifts of real estate may be made in various ways: as an outright gift, a retained life estate, via a bargain sale, to fund a charitable remainder trust or deferred or flexible gift annuity.

### *Guidelines*

Real estate gifts, including developed or undeveloped property, shall be evaluated using a two-stage process. The first stage is meant to gather essential information about the proposed gift structure as rapidly as possible in order to provide the prospective donor with a prompt indication of whether or not SOMF wants to pursue the gift. Information will include, but not be limited to:

- Legal description and geographic location.
- Estimated market value of the property.
- Debt on the property
  - Ordinarily mortgaged property will not be accepted unless on review, it is determined that the property has sufficient equity to justify assumption of the liability relative to sale or use of the property.
- A visual evaluation (by photo, video tour or site visit).

For gifts that pass the initial stage, an extended phase of due diligence follows from which the prospective donor is asked to provide much more extensive information and documentation about the property and related, relevant financial details. The key elements in this effort, designed to identify, manage and minimize risks, generally will consist of, but not be limited to:

- A title investigation (including liens and encumbrances) with the assistance of a local real estate attorney.
- A Phase 1 environmental assessment with follow-up as needed.
  - SOMF will not accept any gifts of property until removal or other acceptable remedy of any toxic elements has been implemented and SOMF does not have liability exposure.
- An independent assessment of local market conditions and an evaluation of the property's market value (this may involve a full appraisal if warranted).
- A building inspection if appropriate.
- A personal visit to the property by SOMF staff.

SOMF staff will provide the summary of property issues and recommendation to the SOMF Board. SOMF may employ the use of a real estate and/or property management consultant to assist in its evaluation and resale of the property. SOMF intends to avoid holding title to real estate beyond the time required for an orderly sale.

Timeshare Interests-Given the difficulty and unpredictability of selling a timeshare interest and the burden of the annual maintenance fee on the organization once it accepts the gift, SOMF prefers not to accept gifts of timeshare interests but will review them on a case by case basis.

Donors often misunderstand the value of a timeshare interest for gift and tax purposes. When discussing timeshare gifts with donors, SOMF will emphasize the importance of the donor talking with a qualified tax professional.

### **OIL, GAS, WATER & MINERAL INTERESTS**

Gifts of oil, gas, water or mineral interests shall be conditionally accepted pending formal review by the SOMF Board.

### **PLANNED OR DEFERRED GIFTS**

Realized planned or deferred gifts will become part of the Foundation endowment.

### **BEQUESTS**

#### *Description*

Donors and supporters of SOMF will be encouraged to make bequests to the SOM Foundation through their wills and living trusts.

The most common bequests are:

- A residuary bequest, which leaves all or a portion of the donor's estate.
- A specific bequest, which specifies a specific percentage of a donor's estate or a specific dollar amount or a specific asset.
- A contingent bequest that is contingent on the occurrence of an event, which may or may not happen.

Bequests may also establish testamentary life and lead income arrangements through charitable gift annuities, charitable remainder trusts, or charitable lead trusts. A bequest may be unrestricted for general use or restricted for a particular use or program.

### **LIFE INSURANCE**

#### *Description*

Gifts of life insurance can be made in the following ways:

- Donor irrevocably assigns a fully paid up policy where SOMF is owner and beneficiary.
- Donor irrevocably assigns a policy on which premiums are still being paid where SOMF is owner and beneficiary.
- Donor names SOMF as beneficiary (a revocable gift).

### *Policy Ownership*

When SOMF becomes the owner and beneficiary of a fully paid up policy it prefers the policy have a net cash surrender value with no outstanding loan. It may choose to:

- Hold the policy until it matures.
- Sell the policy to a settlement company.
- Surrender the policy for its then surrender value.

When SOMF becomes the owner and beneficiary of a policy on which premium payments are still being made, it requires an agreement with the donor that the donor will make an annual gift to, at least, support the premium payment. Should the donor discontinue that arrangement, SOMF will evaluate its best option:

- To continue premium payments for the period of time it chooses.
- To place the policy on a “paid up” status (which will lower the death benefit).
- To surrender the policy.
- To sell the policy to a settlement company.

In all instances where SOMF is the owner of a policy, it has the unrestricted right to fully exercise its powers as the owner including the power to surrender, select payment options, designate beneficiaries and withdraw or borrow cash values.

### *Due Diligence*

Any program promoted by the insurance industry or individual insurance agents as a ‘charitable insurance program’ will be entered into only after a thorough explanation has been provided to the Board of Directors. The Executive Director will be responsible for exercising sufficient due diligence to fully vet such a consideration before presenting the program to the Board.

## **LIFE INCOME GIFTS**

Life income gifts provide an income stream to a designated income recipient(s) for a period of years or until the last to die of the income recipient(s). When the income obligation terminates, a remainder becomes available to SOMF.

### **Charitable Gift Annuity**

#### *Description*

A charitable gift annuity is a fixed rate, fixed income contract between SOMF and one, and no more than two, designated income recipients whereby the income recipient(s) receives lifetime fixed annual income.

In return for a gift of cash, marketable securities, or other assets, the income recipient’s income obligation is paid as a fixed annual income in equal installments until the death of the last income recipient. Although not often, there are occurrences where a donor, at a later date, chooses to give his/her income interest back as a gift.

Given that the income obligation is a liability of SOMF and guaranteed by its assets, the remainder interest will not be expended until after the annuitant’s lifetime when the remaining balance is paid to SOMF. SOMF may utilize a third party to provide gift administration, custodial and investment services, and registrations and compliance with state laws where required, for its gift annuity contracts.

#### *Gift Annuity Income and Rates*

The income obligation is determined by the gift annuity rate set by the American Council on Gift Annuities (ACGA) times the dollar amount of the gift. The ACGA determines the rates actuarially with a goal of half the gift asset representing the charitable remainder and the other half representing the income payment to the income beneficiary. Rates of return for a charitable gift annuity are lower than the rates offered by commercial insurance companies.

The income obligation to the donor is partly tax-free return of principal of the donor's gift and partly earned income. Virtually all US non-profits subscribe to the rate set by the ACGA. It will be the policy of SOMF to do so, with the right for special circumstances to be considered.

A gift annuity agreement shall be issued only if the present value of the remainder interest (the Foundation's gift portion) using standard government tables equals thirty percent (30%) or more of the initial gift value.

#### *Types of Charitable Gift Annuities*

##### *Immediate Payment Gift Annuity*

- The income recipient(s) begins receiving payments at the beginning of the payment period immediately following the contribution.

##### *Deferred Payment Gift Annuity*

- The income recipient(s) begins receiving payments at a designated future date, chosen by the donor, no less than one year and one day after the date of contribution.

##### *Flexible Deferred Payment Gift Annuity*

- The income recipient(s) begins receiving payments at a designated future event chosen by the donor, (i.e., reaching retirement age). The donor has flexibility and can even change the start date of the income payment after the gift annuity is funded.

#### *Minimum Funding Level*

Initial funding minimum for charitable gift annuities shall be ten thousand dollars (\$10,000). Donors wishing to fund additional gift annuities at less than the minimum will be considered on a case by case basis.

#### *Minimum Age(s)*

The minimum age for income beneficiaries for all charitable gift annuities is sixty-five (65) years of age at the time income payments begin.

On occasion the donor may be funding a gift annuity for a third party, i.e. a sibling or a parent. In this case, the donor may be any age but the minimum age for the income recipient to receive income payments remains 65 whether an immediate or deferred payout gift annuity. Additionally, when the payment is to be deferred, the period of deferral between funding the gift and the date the payments start shall be no more than twenty (20) years.

#### *Funding Asset*

As a rule, charitable gift annuities will be funded with cash, publicly-traded securities or other cash equivalents. Deferred or Flexible gift annuities may be funded with real estate when evaluated on a case by case basis by the Board of Directors.

## **Charitable Remainder Trust**

### *Description*

Charitable remainder trusts (CRTs) are irrevocable trust arrangements established by a donor to provide an income stream to an income beneficiary(ies) for a lifetime or term of years (not to exceed 20) with SOMF receiving the remainder value when the trust terminates. CRTs can be charitable remainder annuity trusts or charitable remainder unitrusts (of which there are several types).

### *Types of CRTs*

#### *Charitable remainder annuity trust*

- Pays a fixed rate (at least 5%) on the original fair market value of the assets initially contributed to the trust. No additional gifts may be made to an annuity trust after its creation.
- Payments in any one year to individual beneficiaries may not exceed 50% of the initial fair market value of the trust.

#### *Charitable remainder unitrust*

- Pays a fixed percentage (at least 5%) of the fair market value of trust assets, as valued annually. Because the value of the assets can be expected to change from year to year, the

unitrust payment will vary each year. Additional contributions may be made to charitable remainder unitrusts.

- Payments in any one year by a CRT to individual beneficiaries may not exceed 50% of the fair market value of the trust on the most recent valuation date.
- The present value of SOMF's remainder interest in the charitable remainder unitrust must equal at least 10 percent of the initial fair market value of the trust.
- There are 4 varieties of a unitrust with the Net Income Unitrust, the Net Income Unitrust with Make-up Provision and the FLIP Unitrust being acceptable trust vehicles for funding with real estate or other less liquids assets.

#### *Trustee*

SOMF will not serve as trustee for CRTs. It may, however, with Board approval act as co-trustee.

#### *Minimum Gift Level*

In the event SOMF would act as co-trustee, the recommended minimum to fund such a gift would take into consideration the payout and the number and ages of the income beneficiaries or the trust term (not to exceed 20 years). Payout rates and amounts on CRTs for which SOMF is co-trustee will comply with applicable IRS regulations.

#### *Minimum Age and Income Recipients*

Where SOMF would act as co-trustee and the payments are to be made for life, the minimum age and number of income recipients will be evaluated to determine the value of the gift relative to engagement as co-trustee (i.e. a gift at the minimum amount with multiple income recipients at a range of ages may not be an appropriate gift for SOMF to act as co-trustee).

#### *Funding Assets*

Where SOMF is co-trustee, the preferred funding asset for CRTs will be cash or publicly-traded, liquid securities. In some instances, a gift of real estate could be accepted (after passing requirements stated under Gifts of Real Estate), if the trust vehicle is appropriate (i.e., a net income unitrust where the net income provision does not allow payouts until the trust is generating income).

## **OTHER PLANNED GIFTS**

### **CHARITABLE LEAD TRUST**

#### *Description*

With a lead income deferred gift, the income interest is paid to SOMF and 'leads' or precedes distribution of the remainder interest, which is paid to non-charitable beneficiaries. A charitable lead trust (CLT) is a trust arrangement whereby income-generating assets may be placed in trust with SOMF designated as the income recipient for the period of the trust's term, which can be a term of years or lifetime(s). The amount paid to SOMF, which is at the donor's designation, can be either a fixed sum (an annuity trust income interest) or a percentage of trust assets as valued annually (a unitrust interest) depending on the type of CLT established by the donor. There are different configurations of CLTs which mainly provide tax or asset-transfer benefits to the donor.

#### *Trustee*

The donor will be responsible for all costs associated with the establishment and administration of the trust. SOMF will not act as trustee of a charitable lead trust, but may consider acting as co-trustee.

### **RETAINED LIFE ESTATE**

#### *Description*

The irrevocable donation of the remainder interest in a personal residence while retaining the lifetime right to use the property occurs when a donor transfers title to a personal residence or farm and retains the right to use the property for a specified term measured in lifetimes, years or both (the life estate). At the end of the term, all rights to the property are transferred to SOMF.

During the life estate period the donor, at the donor's expense, is responsible for at least the following:



- Maintain the property (reasonable use, wear and tear excepted).
- Pay real estate taxes.
- Pay water, sewer, utilities, and all other assessments assessed against the property.
- Insure the property against fire, vandalism and other hazards.
- Refrain from incurring any lien or mortgage (except with consent of SOMF).
- Administer repairs.
- Arrange capital improvements as appropriate with SOMF.
- Indemnify and hold SOMF harmless.
- Pay any estate taxes related to the transfer of the property to SOMF. An

agreement delineating these responsibilities will be signed by the parties.

In evaluating retained life estate gifts, SOMF may request assurance of clear title, zoning and environmental compliance, a qualified appraisal, and the like. Retained life estate gifts will also be subject to the policies for Gifts of Real Estate.

SOMF will market gifts of retained life estate, however such gifts will be evaluated on a case by case basis by the Board of Directors.

## **BARGAIN SALE**

### *Description*

A "bargain sale" is a sale of property to SOMF for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution. The bargain sale price may be paid by SOMF either in a lump sum or in installments. Bargain sales will be evaluated on a case by case basis by the Board

### *Guidelines*

- In order to determine the true, fair market value of the asset, it must be adequately appraised. In most cases, the donor will be responsible for appraisal costs. SOMF will also ensure validity of the title and review any possible environmental liabilities (see Gifts of Real Estate).
- Ordinarily the price SOMF will pay for the property will not exceed 60% of its appraised market value.
- If SOMF assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
- Mortgaged property could constitute a bargain sale, however since the amount of indebtedness is treated as a relief of liability, there could be adverse tax consequences to the donor. The donor will be informed of this in writing.
- SOMF will examine the timeframe for use of the property and calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period and adjust the estimated value by such amount.
- Upon approval of the Board, SOMF may purchase real estate, securities, or other property on a bargain sale basis.

## **BENEFICIARY DESIGNATIONS**

### *Description*

Although beneficiary designations are revocable gifts, donors and supporters of SOMF will be encouraged to name SOMF as beneficiary of various financial instruments such as their retirement plans, insurance policies, or investment portfolios.

## **ADOPTION**

Adopted by the Science of Mind Foundation Board of Directors on July 30, 2012.

## Model Standards of Practice for the Charitable Gift Planner



### PREAMBLE

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

### I. PRIMACY OF PHILANTHROPIC MOTIVATION

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

### II. EXPLANATION OF TAX IMPLICATIONS

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

### III. FULL DISCLOSURE

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

### IV. COMPENSATION

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

### V. COMPETENCE AND PROFESSIONALISM

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

### VI. CONSULTATION WITH INDEPENDENT ADVISORS

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

### VII. CONSULTATION WITH CHARITIES

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

### VIII. DESCRIPTION AND REPRESENTATION OF GIFT

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

### IX. FULL COMPLIANCE

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

### X. PUBLIC TRUST

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991.  
Revised April 1999.

*This primer has been developed by the Science of Mind Foundation, Inc. to provide an overview of the components of an endowment and planned giving/bequest program to assist affiliated Centers for Spiritual Living in the development of their own programs and the establishment of an endowment to perpetuate the existence of their Center for future generations.*

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