



# PERSPECTIVES

A FINANCIAL & CHARITABLE PLANNING GUIDE FROM LANCASTER MENNONITE SCHOOL

## Sustaining hope by building bridges

By J. Richard Thomas

LMS is committed to excellence! In Philippians we read, “And whatever you do, in word or deed, do everything in the name of the Lord Jesus.” Now, that sets a high standard of excellence.

I thought about excellence when I visited an LMH music class recently. It was a small class where students were being creative in music composition, using a computer keyboard with the appropriate software. It was inspiring to see the students deeply engaged in their work and to hear the quality of music they were producing.

At some point the business side of my brain kicked in as I considered the cost of this class with its expensive equipment and low student-to-teacher ratio. But the words of Ted Engstrom, former head of World Vision, came to mind: “Every truly worthwhile achievement of excellence has a price tag.”

Our desire is to offer curricular and co-curricular activities that define

a truly excellent program. Excellence is a journey that is mapped out by our strategic plan for educational growth—a plan that allows us to celebrate our current levels of excellence, tempered by the fact that we are not yet where we need to be.

Significant growth in our endowment is crucial to continue and grow excellence at LMS. In this issue of *Perspectives* you will find tips to support your family’s education as well as LMS.

Consider how you can help to build a bridge of excellence to the future through your planned and estate giving. In so doing, you will be sustaining hope for rising generations, to the glory of God. ❖



The Graduate Profile of Lancaster Mennonite School shapes students’ journeys toward excellence through academic, spiritual, and lifestyle goals and objectives. To see our Graduate Profile document, go to [www.lancastermennonite.org](http://www.lancastermennonite.org) and click on the “LMS System” tab. When you invest in LMS students, you are building a bridge to stronger communities, stronger congregations, and a stronger world.

## You can score!

### **Single**

Get an immediate tax deduction.

### **Double**

Avoid capital gains tax.

### **Triple**

Receive income to support grandchildren's education at LMS.

### **Home Run**

Make a gift to LMS by designating your grandchildren as remainder beneficiary of your charitable trust.

Grandparents Day, an event held at all four LMS campuses, gives grandparents and other significant mentors an opportunity to encourage and strengthen relationships with our younger students. This is another example of how home, church and school partner together to provide an excellent education and a strong future.

# The home run gift

## A term-of-years charitable trust can help send your grandchildren to Lancaster Mennonite School!

### **How You Benefit From a Trust**

Trusts are highly sophisticated instruments people use to manage their assets prudently and flexibly. A trust allows you to create a financial plan that meets not only your own current needs but also the needs of beneficiaries who survive you. It lets you protect your assets, cut estate settlement costs and reduce taxes.

A term-of-years charitable remainder unitrust is an ideal way to support your grandchildren and LMS at the same time. It has the added benefit of turning your appreciated assets like real estate and securities into a cash gift without losing the appreciated gain to taxes.

### **How it works**

A trust may be funded with cash or appreciated assets. By funding your trust

with appreciated assets you get the added benefit of avoiding any capital gains tax. To fund your trust with an appreciated asset you must make a gift of the actual asset to the trust before you arrange a sale of your securities or real estate. You may give the entire asset or any percentage. The trust manager can help find a buyer for your gift asset and convert it to cash. Institutions like the Mennonite Foundation can provide these trust services. Based on your directives, the trustee will then distribute the income from the trust among grandchildren to defray the cost of tuition for a term of up to 20 years. When the term of years expires, the remaining assets in the trust are passed to Lancaster Mennonite School.

In this particular trust scenario you benefit substantially with an immediate tax deduction, plus you avoid income tax on the amount your asset has increased in value since you purchased it, unless the Alternative Minimum Tax is involved. Your exact deduction is based upon the term of years and the payout rate of your trust.

Best of all, you get the satisfaction of helping those you love and supporting Lancaster Mennonite School.

Please keep in mind that gifts placed into a charitable trust are irrevocable and cannot be withdrawn.





### A case study

To better understand how a term of years charitable remainder trust works, here is a case study that shows how one family might benefit.

Greg and Rachel Sample, both age 60, donate an asset to Mennonite Foundation which is converted to cash and results in an investment of \$100,000. They agree to establish a 14-year term trust with a 6.0 percent payout rate.

The Samples are excited to provide educational support for their two grandchildren, ages four and six, by naming them as income beneficiaries for the term of the trust. Assuming the trust earns 6.0 percent after service fee assessments, here is what they can expect to happen over the term of 14 years.

<b>Initial gift amount</b>	<b>\$100,000</b>
<b>Charitable tax deduction</b>	<b>\$42,700</b>
<b>Payout rate</b>	<b>6.0%</b>
<b>Earnings rate</b>	<b>6.0%</b>
<b>Total income to grandchildren</b>	<b>\$84,922</b>
<b>Ending estimated gift to LMS</b>	<b>\$102,375</b>

This means Mr. and Mrs. Sample would realize nearly \$84,922 in income benefits during the 14-year term to support the private education (PreK–12) of their two grandchildren *and* they would ultimately give \$102,375 to Lancaster Mennonite School at the end of the trust's term of years. That is over \$187,297 in benefits from an initial donation of just \$100,000!

If you have interest in learning more about how you might support your loved ones' education while also supporting Lancaster Mennonite School, contact Director of Advancement Heidi Stoltzfus at (717) 299-0436, ext. 308. ❖

At Lancaster Mennonite School, students learn in an environment that connects them with God and lets them experience God's love as they learn, grow and explore the world around them.

### Show your heirs you really care

Your estate plan can reflect your individual dreams and passions. It can establish your legacy for generations to come.

You will need the input of a qualified legal professional, but the finished plan should be yours. If you are considering a bequest to us, ask us for details about personalizing your estate plan.

## The Bridge Builder

by Will Allen Dromgoole

An old man going a lone highway,  
Came, at the evening cold and gray,  
To a chasm vast and deep and wide.  
The old man crossed in the twilight dim,  
The sullen stream had no fear for him;  
But he turned when safe on the other side  
And built a bridge to span the tide.

"Old man," said a fellow pilgrim near,  
"You are wasting your strength with  
building here;  
Your journey will end with the ending day,  
You never again will pass this way;  
You've crossed the chasm, deep and wide,  
Why build this bridge at evening tide?"

The builder lifted his old gray head;  
"Good friend, in the path I have come,"  
he said,  
"There followed after me to-day  
A youth whose feet must pass this way.  
This chasm that has been as naught to me  
To that youth may a pitfall be;  
He, too, must cross in the twilight dim;  
Good friend, I am building this bridge  
for him!"




### INTRODUCING THE IRON BRIDGE SOCIETY

## You, too, can be a bridge builder

Today we invite you to join the Lancaster Mennonite School Iron Bridge Society—a group of persons who are passionate about leaving a legacy of Christian education for generations to come. These friends have included Lancaster Mennonite School in their planned giving and/or their estate plan. Please join them today in providing a bridge for the next generation.

Members of the society will be invited to select school events, receive estate planning and planned giving tips, and join other Iron Bridge Society members at events to learn to know each other better and to strengthen our efforts for Christian education.

You may become a member of the Iron Bridge Society by simply returning the enclosed response card and stating your intention to leave a legacy for the next generation. ❖

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## LANCASTER MENNONITE SCHOOL

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