



Stewardship Advisory Group

Biblical Stewardship principles that you should consider as you create God's Plan of Stewardship for your Estate

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Dispositive Provisions

Your Attorney will discuss these more thoroughly and explain them from a legal perspective.

A mistake that I believe most Americans, including most Christians, make is that they give their heirs their inheritance in a Lump Sum. Too many times this fosters irresponsibility and excess spending as well as potentially hurting the work ethic, productivity and character of the Beneficiaries. This is not what most people want for their children or grandchildren, but it's what happens. The last statistic I saw indicated that the average lump sum inheritance is gone in less than 18 months.

2 quotes to think about:

Warren Buffet; Chairman of Berkshire Hathaway: I want to give my children enough so that they can do anything they want...but NOT so much that they can do nothing.

OS Guinness; Founder of the Trinity Forum: Today our children have too much to live with...and not enough to live for.

As you prepare for your Estate Design Consultation, please consider the following:

- ***What is an "appropriate" inheritance for our Children or Grandchildren?***
What amount would be a "Blessing" to them and what amount would actually end up likely being a "curse" to them? There isn't a "right" or "wrong" amount as it varies from individual to individual and family to family. However, I trust the Holy Spirit within you both will lead you to what is appropriate for your children.

➤ Once you decide on “How much”; the next decision will be deciding ***how to structure the benefits or Dispositive Provisions***. Your Attorneys will give you a number of options including:

- Lump Sum
- Staggered Distribution
- Income Only
- Incentive Clauses
- Lifetime Protected Shares for each Beneficiary

I tend to lean toward Lifetime Protected Shares for each Beneficiary because it provides “Protected Provision” for them. It keeps the assets in the Trust and under the protection of the Trustee. Properly drafted, it can protect their inheritance from Lawsuit, Creditors and Predators. In today’s litigious society, I believe that is important. Additionally, properly drafted it can also protect their inheritance from divorce. None of us want that to happen to our children or grandchildren, but if it does, this protects the inheritance for them. Additionally, Lifetime Protected Shares keeps the inheritance in the Trust and under the provisions you created and under the discretion of your Successor Trustee, so it protects your inheritance from your heirs as well as for your heirs.

However, there are sometimes good reasons to consider the other options. The Attorney will guide you well on your options and the Holy Spirit will guide you to what is best for your family!

One clause that I would encourage you to consider incorporating into your Estate Planning documents is a provision to help “prepare” your heirs to be Wise Stewards of their inheritance. You are probably familiar with Crown Financial Ministries. Well, the Founder of Crown recently started a new Ministry called Compass—Finances God’s Way. I am attaching Dispositive Language that your Attorney could incorporate into your documents if you desire. Basically it requires that each Beneficiary go through the Compass—Navigating Finances God’s Way small group study prior to receiving any principal distributions from your Trust. The language also allows discretion of the Successor Trustee to determine if they’ve already completed an equivalent course or wish to take one (Dave Ramsey’s Financial Peace University, Crown Financial Study, etc.). This is just a suggestion. If it fits with your values in wanting to help assure that your children are Wise Stewards of the inheritance you leave them, feel free to include it. If it doesn’t, leave it out.

Estate Tax Planning

Given that we don't know where Estate Tax law or the Net Worth of your Estate will go in the future, here are some thoughts.

IF you end up leaving your children \$500,000-\$1 Million each; then I believe you can achieve a Zero Estate Tax Plan quite easily using normal A/B (Credit Shelter) provisions. Although the current Estate Tax exemption is \$5 Million per spouse with an automatic "double" because of "portability"; it is possible that the exemption could be lowered in the future. In fact, if they don't change the law, it is scheduled to revert back to \$1 Million in January of 2013. IF you leave your children more than \$1 Million each; I would recommend that you talk with the Attorneys and us about more Advanced Estate Planning strategies that could still create a Zero Estate Tax Plan regardless of the size of your Estate or the amount of the exemption.

IF you limit the amount to each heir to \$1 Million or below, I would recommend gifting everything about that to a Giving Fund (Donor Advised Fund) that we could help you create through the National Christian Foundation, Waterstone or other similar Ministry Foundations. This could be called the "Your Name" Family Ministry Foundation (or whatever you want to call it). A Donor Advised Fund is really like a "self-directed" giving account; which would then allow you to give to multiple charities, including your Church, any other Ministries or even secular Charities you desire (with a few conditions such as not giving to anti-American organizations such as the ACLU or anti-Christian organizations such as cults, Planned Parenthood, etc. We can give you more information. However I am attaching information about National Christian Foundation, which was founded by Larry Burkett, Ron Blue and an Attorney named Terry Parker over 25 years ago. They serve many of the leading Ministries in America including Focus on the Family, Campus Crusade for Christ, etc. They are also members of the ECFA (Evangelical Council for Financial Accountability). In addition, I am attaching a resource from NCF called "Family Money—5 Questions every Family should ask about Wealth". I believe you would find this very helpful to read prior to your meeting with your Attorney. It's short, but powerful! We can assist you with further developing your Family Stewardship Philosophy if you desire some help in this area.

If you end up wanting to leave more than \$1 Million to each heir, especially if you have business, ranch, farm or real estate assets, we may want to discuss some Advanced Zero Tax Planning strategies with the Attorneys such as Laddered TCLATs, Gift & Replace, IDGITs, Charitable Buy/Sell arrangements, etc.

We want to help you accomplish what you believe is God's Plan of Stewardship for your Estate!

Here are some key things to remember as you develop your Estate Plan.

- One of the marks of a good Estate Plan is if your children & grandchildren are still hugging each other 6 months after you die.
- Another mark of a good Estate (and Life!) Plan is if you get a "hug" from our Heavenly Father and hear "Well done, my Good and Faithful Servant!" (Kind of like a "High Five" in Heaven from our Heavenly Father!)
- Since God is the Owner and we are His "Chief Stewardship Officers" over that which He has Blessed and entrusted us with; what would the Owner want us to do with His money?

Successor Trustees

This is another area where the Attorneys will give you some good education on your options such as:

- **Personal Trustees** (Family Members, Friends, etc.)
- **Corporate Trustees** (We prefer Independent Trust Companies such as South Dakota Trust Company; which allow your Successor Trustees to continue to use your personal Financial Advisor to manage the investments. In addition, they usually have much more responsive customer service, fewer conflicts of interest and lower fees than most "bank" trust departments. www.sdtrustco.com)
- **Charitable Trustees**
- **Professional Trustees** (Attorney, CPA, etc.)

Most often, our clients like to choose a family member or trusted friend to serve as their Successor Trustee when appropriate (sometimes it's not; which is why you want to get good legal counsel on this issue). They will then often name an Independent Trust Company as the "Safety Net" Trustee or default Trustee in case their other Successor Trustees can't serve for some reason. The Attorney can give you further information and legal counsel on your selection of Successor Trustees and they can work with us to incorporate the language required by an Independent Trust Company should you choose to. This is especially important when you are incorporating Lifetime Protected Shares for each Beneficiary as there may need to be a Trustee that is around as long as your Children or even Grandchildren are.

End of Life Decisions (Living Will, Advanced Healthcare Directives, etc.)

Each State has their own laws and preferred forms, language, etc.; so I'll leave this area to the very competent hands of your Attorney. However, I will point out that the default language of many States has been legislated through the lobbying of the "pro-death" community that advocates for euthanasia as well as abortion. After the Terry Schiavo case a few years ago, Scott Dixon, one of my favorite Christian Attorneys and I felt called to create a document that would:

- Balance the seemingly conflicting concepts of believing in the "Sanctity of Human Life" with the "Right to Die...with Dignity"
- Bring Comfort to Believing loved ones who might be having a hard time "letting you go"
- Bring Conviction to loved ones who don't yet know the Lord (in a gentle and winsome way ☐)
- Promote Peace within your Family (Families are often torn apart over these issues; as was the Schiavo family). Remember, one of the marks of a good Estate Plan is if you family is still hugging each other after you die!

So, attached you will find a one page document called "Letter of Instruction and Hope to my Lived Ones. I would encourage you to prayerfully discuss and consider having the Attorneys incorporate this provision into your Living Will or other relevant Advanced Medical Directives. This could be customized by you or them to reflect your personal values.

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