

## PERMANENT ENDOWMENT FUND (PEF) NEWSLETTER

September 2023

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**About the PEF.** The Permanent Endowment Committee, which manages UU Santa Fe's Permanent Endowment Fund (PEF), is pleased to share our fall newsletter with you. Since 1991, the generosity of members and friends has made possible the establishment of the UU Santa Fe Permanent Endowment Fund which provides revenue to support special needs, capital improvements, community initiatives and social outreach that are not supported by our annual operating funds. UU Santa Fe retains professional fund management through the Unitarian Universalist Common Endowment Fund. The Fund is a diversified investment fund seeking current income and long-term investment returns through portfolio allocation and professional asset management consistent with socially responsible UU investing goals. There is currently \$405,254 in the PEF as of July 31, 2023. The amount varies month to month as the financial markets vacillate, donations come in and yearly dispersals are made.

If you are considering a legacy gift to this special place, please go to [uusantafe.org/give.html](https://uusantafe.org/give.html) and then select *Endow Generously*. If you have already decided to include UU Santa Fe in your estate plans, it would be helpful to our Permanent Endowment Committee to know your intentions; please complete the intention form on *Endow Generously* webpage.

Your 2023-2024 Permanent Endowment Committee—Roberta Armstrong (Chair), Michael Brown, Fish Greenfield, Gerald Hendrickson, Thom Maciula

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### What Are You Worth, What Do You Value, and What Are You Going to Do About It?

[Ed. Note] Holly Kinley, former member of the PEC, gave this talk at the Permanent Endowment Committee Appreciation Event on May 6, 2023, and agreed to share it with all of us. It's an excellent resource when you are thinking about your estate planning.

First, thanks for having made contributions to the Permanent Endowment, having designated UU Santa Fe as a beneficiary of your estate, and/or for your interest in the Permanent Endowment Fund at UU Santa Fe! We are very grateful. The endowment fund is an important part of the congregation's overall financial picture. I want to talk for a few minutes about why you might want to be a legacy donor, and how to do it easily. I will try not to bore you! And what I have to say about legacy gifts to UU Santa Fe applies equally to gifts to other non-profit organizations you might want to support.

I've titled this presentation "What are you Worth, What Do You Value, and What Are You Going to Do About It?" Let's begin by acknowledging that we all procrastinate about making plans for what we want to happen with our stuff when we die, probably because we don't want to think about dying. We want to be there for our partners, children or grandchildren; to be around to see resolution to the problems of the world that we care deeply about. But as Rev. Gail says in the memorial services she leads, our bodies leave us when we die, but we live on in the memories of our families and friends, and I would add in the organizations we support. One of the positive ways we can live on in the memories of our UU friends is to leave a legacy gift to this congregation.

Now let's dig in. What are you worth? Well, we are all worth a lot more than our bank accounts and other financial assets. Our values, and how we live them, say a whole lot more about what we are worth than our financial assets alone. But we'll come back to this soon. For now, let's focus on our financial assets.

Most of us have a checking account and maybe a savings account, an IRA or retirement account that may still be managed by the organization you once worked for as a 401k or 403b, perhaps a taxable investment account, a home and all the stuff in it, some of which may be valuable, a vehicle or two, maybe a piece of land you hoped to build on someday, maybe an insurance policy you've forgotten about. These are all financial assets. Do you know what you're worth financially when you add it all up? Take a minute to think about what that number might actually be—just a rough guess. And hold that thought while we continue.

However large or small your financial assets (i.e., your estate when you die), you should make an estate plan that reflects your values. To the best of my knowledge, we can't take these assets with us to the grave or another life, so what do you want to happen to them? Who do you want to benefit from them? Those of us with spouses, partners, children and grandchildren, or other close family members and friends, we generally think of them first, but too often our thinking stops there. What if we don't have family we want to leave money to? What if our relatives don't want or need our money? I once was the executor of an estate for a single, childless woman whose siblings did not want her considerable estate. So, she left it to 13 nieces and nephews, two cousins and 6 non-profits. A challenge for me, but her beneficiaries were thrilled.

Now let's go back to the idea that we are all more than our assets. We are all packages of values capable of acting to protect and promote the values and ideals that are important to us. Stop and ask yourself, what else do I value besides my family? Where could I make a difference? What kind of world will my offspring inherit? Do my offspring need all of what I might leave them? Could someone else or something else benefit? Stop and think for a moment: What are the issues that matter most to me now? Food insecurity? Gun violence? Homelessness? Women's reproductive rights? Environmental degradation?

The people we admire most are probably not the people with the most lavish homes or the biggest bank balances. They are almost certainly the people who live their values. You know who they, or you, are: You're the ones carrying signs and marching and writing letters, making donations, and showing up. I'm suggesting that you not only live your values but die your values. Identify organizations that address the concerns you have about the world, organizations that reflect your values, and include them in your estate plan in whatever way you can, and to whatever extent you can. UU Santa Fe is likely one of the organizations you value, among others. Leaving a legacy gift to this community is one way to die your values. And here's the surprise: Your family will almost certainly be proud of you for doing that. Not angry with you. Not disappointed. But proud of you. In my 15 years as a financial advisor, helping mostly older clients make decisions about their investments, and passing their assets on to the next generation, I never saw a beneficiary angry because they didn't get the portion left to UU Santa Fe or other worthy non-profits. Think again about the number you came up with when I asked you to add up your assets. Would your family be upset, or in financial harm, if you left 5 percent of that amount to charity?

Now let's move on to the nuts and bolts. There are a few incredibly simple things you can do to direct your assets after your death.

Number one, you can transfer the assets in a checking or savings account at a bank to another individual or non-profit simply by designating the account as "payable on death" or POD. Check this out with your bank or credit union, which will provide you with the needed paperwork. This is so simple, and so important everyone should do it. Accounts designated as POD avoid probate and can be transferred almost immediately. You can do the same thing with a regular taxable investment account at a brokerage firm, but the language is "transfer on death" or TOD, directing the assets to whomever or whatever you wish. And you can do the same thing with real property: your home, or any other real estate you own. You will need to create a transfer on death deed which you can find on line, or have one created by an attorney. It's important to keep in mind that these POD and TOD documents supersede any other statements that you might have in your will or other estate planning documents, so keep them up to date.

Number two easy thing to do: Because retirement accounts, annuities and insurance policies have their own named beneficiaries, they are easy to designate for individuals and/or non-profit organizations, and to change when the need arises. Many of us have more financial assets in retirement accounts than anywhere else. When you leave an IRA or other retirement account to a spouse, adult children or another individual, they need to take distributions over 5 years or stretch them out over their lifetimes, paying taxes on them every year. Leaving them to UU Santa Fe or another non-profit means that no one pays taxes on it. And it's easy to do. Just request the change of beneficiary paperwork from the organization that holds your account, fill it out, and send it back. Done.

Now we've done the easy things: POD and TOD accounts, TOD deeds, retirement accounts and insurance policies. All of the assets that are not in accounts with named beneficiaries, including all the stuff you have in your home, or homes, your vehicles, artwork, antiques, treasures, and so forth, need a will or a living trust. If you don't yet have a will or trust, it would be a good idea to consult an estate attorney to determine which is best for you. If your estate is small and not complicated, you may be able to use the on-line documents for New Mexico. Otherwise, there are quite a few excellent estate attorneys in Santa Fe. Google "estate planning attorney Santa Fe" and you will find quite a number of names.

There is one other option that may be relevant to a few people here, so I'd like to mention it. A charitable Remainder Trust (CRT) is a giving arrangement that generates an income stream and tax deductions for the donor or the donor's beneficiaries, with the remainder of the donated assets eventually going to one or more charitable entities. It is appropriate for donors who have highly appreciated assets such as stock or real estate on which they do not want to pay taxes. The minimum gift is at least \$100,000. Donors design the terms of the trust, who gets payments, and whether they are fixed annuity payments or payments that vary with the investment earnings of the trust assets. To set up your own CRT, donors must obtain qualified legal counsel to draw up the terms of the trust document or go through another organization that packages the gifts of many donors in one package. The UUA and other non-profits, I'm thinking of the Santa Fe Community Foundation, offer something simpler but very similar to this, which is a charitable gift annuity. If you think this might be helpful to you, please contact the UUA or the Community Foundation for more information.

However you create your plan, it's important to communicate your intentions to your beneficiaries, especially to the non-profit organizations. If you are planning to leave a legacy gift to UU Santa Fe, please let us know. Financial institutions are not always as

diligent as they should be in dispersing assets to the organizations you name. If you wish to keep your plan confidential, know that our staff and volunteers will support you in that decision.