

## Springboard

### The DAF – A new way to be charitable

Although the title of this article refers to a donor advised fund (DAF) as “new,” DAFs

date back to 1931 when the New York Community Trust first allowed individual donors to create charitable funds



to make grants to churches and other charities. Community foundations followed a few years later, promoting DAFs as a way for their wealthy and affluent clients to set aside a large fund from which to make future grants.

However, it took Ned Johnson, president of Fidelity Investments, to bring donor advised funds to the masses when he created the Fidelity Gift Fund in 1991 as a way to empower the average donor. Ned was very charitable himself and liked the idea of a donor being able to “sequester” a sum of money that would be available for future gifts to churches and charities. Fidelity aggressively promoted the fund and DAFs as a means of giving. The Fidelity Gift Fund grew in popularity, setting a national record in 2006 for the total number of charitable gifts.

Heartspring started offering donor advised funds in 2001 with a minimum contribution of only \$1,000. A donor can establish an account through an irrevocable gift of cash or securities and receive a charitable deduction for that

*continued on page 2*

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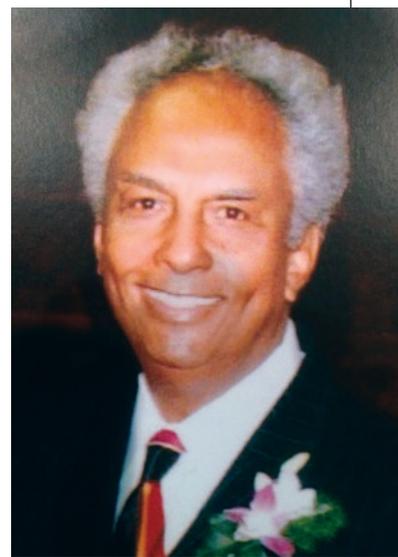
# Spirit

## McCoy generosity lives on at Trinity East, TSU

**JOHN WESLEY** once said, “First having gained all you can, and saved all you can, then give all you can.”

Dr. Walter McCoy and his family shared the Wesleyan value of generosity and faithful giving. According to Walter’s brother, Godfrey, the commitment began with their mother who encouraged them to volunteer and to give back whenever possible. She would often say, “Give all can, when you can.”

Walter was a life-long member of Trinity East United Methodist Church Houston. A seed was planted when he saw older members of the congregation, like Samuel Taylor, a devout Methodist at Trinity East and cheerful giver, creating charitable funds to help the church. Then Walter attended a presentation by former Heartspring President Rev. Gus Browning about charitable giving to the church. He loved the idea that he could leave a legacy for his family by naming permanent funds after loved ones that would provide support to the church and charities they all loved.



As a distinguished professor at Texas Southern University for more than 30 years, Dr. McCoy understood the value of education. He took his mother’s words to heart and, when he could, set up an endowment fund through Heartspring in memory of his parents, Godfrey and Annie McCoy, to provide scholarships to Trinity East UMC students. Each year since the fund was established in 1994, the church receives a distribution from this fund to provide scholarship assistance.

Seven years later, Walter set up another fund with Heartspring to support Trinity East, specifically to help with purchase of bibles and hymnals, choir robes, tuning of church pianos and organ, and kitchen maintenance.

In 2010 Walter and his wife Ella again turned to Heartspring for help honoring their favorite charity, TSU. The McCoy’s wanted to set up three new permanent endowment funds to support different areas of service at the university, including the Heartman Collection at the library, the School of Public Affairs, and faculty and staff recognition programs.

*continued on page 3*

## Empowering women: Brigid's Hope at The Beacon

**AS ONE OF** the core programs of The Beacon, a charitable organization dedicated to helping the homeless, Brigid's Hope offers transitional housing and supportive services to reduce the recidivism rate for women who were previously incarcerated. As a 501(c)(3) organization, The Beacon was selected as a grant recipient in 2016 to specifically carry out this important work.

"The grant provided through the generosity of Heartspring allowed us to provide rental assistance for the women enrolled in this unique program that also recognizes a woman's spiritual health is vital to the process of renewing yourself whole again," said Becky Landes, chief executive officer of The Beacon.

Through housing, volunteer mentoring, case management, life skill training and other supportive

services, Brigid's Hope clients receive the tools they need to become self-sufficient and secure a safe and productive future. The 12-month intensive program for homeless, non-violent female offenders is unique in that it offers each client a mentor, independent living and minimal structure stressing the importance of self-reliance and responsibility.

Program Director Regina Walked added, "We are grateful for the support from Heartspring to help us provide rental assistance as part of this important work — empowering women to live healthy, productive lives beyond their past."

For more information about Brigid's Hope visit <http://www.helpthebeacon.com/brigids-hope-home>.

Heartspring is happy to offer grant assistance to such



*Settled and safe, Marian is completing her journey through the Brigid's Hope program. With her room at New Hope Housing Canal Street, she enjoys the stable housing that is one of the offerings that makes the program so successful.*

worthwhile ministries in the Texas Conference. If you know of a nonprofit ministry in need of assistance, encourage them to download our grant application from [www.heartspringmethodist.org/grants](http://www.heartspringmethodist.org/grants). Applications are due by August 31 each year, and grants are awarded in early November after our fall board meeting. If you have any questions or need more information visit our website or contact us at 713-533-3780, 800-521-9617 or [office@heartspringmethodist.org](mailto:office@heartspringmethodist.org). ■

### SPRINGBOARD *continued from page 1*

amount. He or she can continue to add to the fund in future years.

Since the donor has "gifted" the money, he or she has also surrendered control of the money. However, Heartspring allows the donor to make requests or "advise" as to where grants from the fund should be made. As long as the request is to an IRS-qualified charity, Heartspring and virtually all other DAF providers will honor the grant request.

There are several advantages of this type of charitable fund, including the ability to invest for growth, to set aside funds now for future gifts, to receive an immediate charitable deduction for future gifts and to make anonymous gifts. Donors may include children or other family members in charitable decisions, in a manner similar to

a private family foundation. Donors may pass the advisory role in such funds to children or relatives, allowing them to continue in the tradition of being charitable.

A number of charitable Methodists have looked to a Heartspring DAF to meet their charitable goals. One of the largest such gifts came a few months back from a parishioner who had just sold his business and was looking for the best way to give back. He was excited about the idea of creating an account, investing for future growth and having the ability to add to the fund over time to make grants as opportunities arise. This person

came to see us because a very wise pastor told him Heartspring could help with his goals. This pastor was right. The donor advised fund was the perfect way to manage this opportunity.

A donor advised fund. It might be just the right tool to help with your charitable goals. Give us a call, or come by. We look forward to discussing this opportunity with you.

Grace and peace,

Rev. C.J. Taylor

## Financial Corner: A long-term perspective

**WATCHING** the markets every day or even every week is a frustrating exercise sure to raise your blood pressure, anxiety levels or both. While we monitor market activities via our investment consultant and managers, we keep our long-term perspective in the forefront of our conversations with clients.

We are here to help make your money work for you so that you can continue to accomplish your

mission. We will not compromise high quality and socially responsible investments for short-term gains in the marketplace. Over the long term, our net investment returns continue to be at or near market returns. The diversified moderate portfolio performed well this quarter, as did our other portfolios. For more information, visit the Financial Corner of our website, [www.heartspringmethodist.org](http://www.heartspringmethodist.org). ■

### One-stop shopping for financial information

For those of you who want more detailed market data, reports on Heartspring fund performance, and other investment and financial news, visit the Financial Corner on our website [www.heartspringmethodist.org/financial-corner](http://www.heartspringmethodist.org/financial-corner). There you'll find our most current performance, as well as other tools and resources, such as market news and commentary from our fund managers, updated monthly.

### PERFORMANCE: 1st QUARTER 2017



McCOY *continued from page 1*

With Heartspring's guidance, Walter made initial gifts of cash to create each fund, but also provided for his church and TSU through beneficiary designations on his life insurance policies. Upon his death in 2014, each of his funds at Heartspring received a distribution from his matured policies to further fulfill his charitable wishes.

The McCoys felt strongly about their charitable goals and were intentional in setting up these funds to provide support in perpetuity for their favorite programs and ministries.

If you would like to support your church or favorite charity with an endowment, scholarship fund or another charitable vehicle, contact Heartspring at 713-533-3780, 800-521-9617 or [office@heartspringmethodist.org](mailto:office@heartspringmethodist.org). ■

### TAC 2017: Unified through Christ

The 2017 Texas Annual Conference meets this year May 28–31 at The Woodlands UMC. Heartspring will host a booth in the display area specifically designated for conference ministries.

If you plan to attend conference this year, be sure to stop by and say hello. We would love to talk with you about how we can help you or your church with planned giving and endowment development or other free educational seminars on stewardship, investments, loans, capital campaigns and more.

Visit the Texas Conference website at [www.txcumc.org](http://www.txcumc.org) for more information.

## The simplicity of donor advised funds

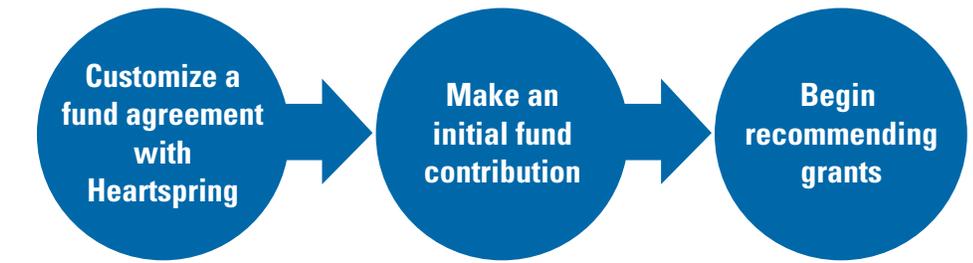
A **DONOR** advised fund (DAF) is a flexible and easy-to-use vehicle for charitable giving. A DAF allows you and your family to make a tax-deductible contribution now and then allows you to recommend gifts from it to ministries at your church or other favorite charities in the future.

### *DAF vs. private foundation*

Donor advised funds are a great alternative to creating a private foundation. DAFs have little-to-no start-up costs and gifts generally qualify for a full fair market value charitable deduction, unlike private foundation gifts. Also, DAF gifts are not subjected to the unfavorable restrictions and excise taxes of private foundation gifts.

### *How it works*

Simply make a gift of cash or securities (a \$1,000 minimum)



to Heartspring to open a new fund and begin making grant recommendations.

### *Martha's Story*

Martha is 55, has two children, and wishes to establish a fund that will allow her to help her church and other favorite charities. Martha makes a gift of \$10,000 worth of securities to create a DAF at Heartspring, and recommends her church and Salvation Army to receive distributions this year. When Martha

passes away, her children will have the right to recommend gifts from the fund. Martha is thrilled to be able to help the church and her favorite charity, while sharing the joy of charitable giving with her children.

For more information on DAFs or other creative ways to be charitable, contact Heartspring Methodist Foundation at 713-533-3780, 800-521-9617 or [office@heartspringmethodist.org](mailto:office@heartspringmethodist.org). ■

## Make a gift of life insurance today

**DO YOU HAVE** a life insurance policy you no longer need? Did you know you can give your life insurance policy to Heartspring Methodist Foundation today for the benefit of your church and receive a charitable income tax deduction? You can then make deductible contributions to us each year which we may use to pay the premiums. Your church or favorite charity benefits from the permanent fund created at Heartspring and the ministries you care about most will continue to receive support in perpetuity.

### *Beneficiary designations*

If you prefer to maintain control over your policy during your lifetime, you can also designate Heartspring as the beneficiary of your life insurance policy for the benefit of your church

or favorite charity with a simple beneficiary change request form from your insurance provider. You will continue to own and can make use of the policy during your lifetime. The policy will be included in your taxable estate when you pass away, but your estate will benefit from an estate tax charitable deduction for the value of the gift to us. Then, your church or favorite charity will ultimately benefit from the gift, fulfilling your charitable goals to support your favorite ministries forever.

For more information on gifts of life insurance or beneficiary designations, contact Heartspring at 713-533-3780, 800-521-9617 or [office@heartspringmethodist.org](mailto:office@heartspringmethodist.org). ■

## Spirit

The Heartspring *Spirit* is published quarterly by Heartspring Methodist Foundation for clients, friends and members of the Texas Conference of the United Methodist Church.

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