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# WHEN IS A GIFT REALLY A GIFT?

When is a gift really a gift? The response you receive definitely depends on who you ask. For example, if you the IRS, they would say, "A gift is a gift on the day the post office postmarks the envelope containing your check to a nonprofit." If you ask a ministry this question, they would answer, "A gift is a gift when the gift actually becomes available for us to use." If you ask a starving child in Haiti, he might say, "A gift is a gift when I can actually put it in my mouth, eat it, and for a moment not be hungry." Finally, if you ask an older couple this question, they might respond, "A gift is a gift when we sign our new wills giving assets away to Kingdom causes when we eternally "relocate." These answers, on the surface, may not seem all that different, but let me assure you, they are substantially so. Let's be practical: How would *you* answer this question? Think carefully. When is a gift really a gift? How you answer this question will have a huge effect on your "giving."

## Foundation Giving

Family foundations (both public and private) have become widely popular and are regularly used in planning by families with a surplus. However, for many families, their understanding of the function of their foundation is not clear. Many folks believe that by transferring cash or assets into their family foundation, they have actually made a gift. This belief is supported by the IRS, which tells them that they have made a tax-deductible gift to their family foundation. (Notice I am using the word "transfer," not "give.") Once the transfer has been made to the foundation, a family can sit back and relax and think, "Okay, we have now made a gift. We have done the good deed. It is finished." But is transferring funds into a family foundation really a gift?

This very issue came up in an annual meeting with one of the families I was working with. This is an extraordinary Christian family, and every member of the family is a believer. They are a loving and functional family, living to please the Lord and serving Him in every way they can. They have been "tithers" for decades and have even been on a short-term mission trip. (I share these details with you so you will not assume when I tell you this story that the family has a shallow commitment to Christ or only a marginal interest in giving to expand the Kingdom.)

This family had transferred funds into their family foundation a year earlier, yet over the next twelve months had not deployed any of the funds. At our annual review meeting, I asked them why they had not yet deployed any of those funds. They looked at me with a bit of a bewildered look and said, "Well, that is principal, and you never give away principal."

I reflected on their comment and then responded, "Who said that money was principal?" They just looked at me with a blank look, speechless. Who *had* said that money was principal? I went on to ask, "If you gave a check for $10,000 to your church, would you expect them to put that money in the bank and then only use the interest it earned for ministry? They answered, "Well, of course not."

"Then why," I asked, "should you think of your family foundation any differently than you do your church?" I had asked the unasked question. In one minute, my question had changed their entire mental paradigm about their foundation giving. The idea had simply not occurred to them that the money they were transferring to their family foundation was for deployment, not for stockpiling. They had just assumed they would only give away the income from the "principal" in the years ahead. They came to realize that they had not actually given anything away when they placed those funds in their family foundation, even though their tax return from the previous year says that they did. Before the evening was over, as the entire family gathered for their regular family meeting, specific amounts of the foundation funds were assigned to each family member for Kingdom deployment within the next four months. The stories that have come back to me from the gifts they made have been inspiring and, for this family, a personally moving experience.

This leads me to my final point about family foundations: I have yet to hear anyone share with me what a moving experience it was to transfer money into their family foundation. The joy of giving comes not when the tax man says you have made a gift, but when your heart tells you that you have made a gift. You will know when you have actually made a gift because somebody's life will be touched by that gift. Jesus said it this way, *For I was hungry, and you gave Me something to eat; I was thirsty, and you gave Me something to drink; I was a stranger, and you invited Me in; naked, and you clothed Me; I was sick, and you visited Me; I was in prison, and you came to Me* (Matthew 25:35-36, NASB). When your giving actually impacts a life, that is when you have really made a gift. The money that sits in your foundation is nothing more than money sitting in your foundation, waiting to be given, waiting to change a life.

## Deferred Giving

Deferred giving is the term used when someone intends to make a gift in the future. Deferred gifts could come in many forms: will bequests, remainder gifts from various trusts, charitable life estate agreements, gift annuities, etc. Any comprehensive, strategic Master Stewardship Plan will undoubtedly include some deferred gifts. The truth is that these deferred gifts, like foundation gifts, are not really gifts, even though the IRS may give you an income tax deduction today for a future gift you are not making until much later.

What makes this notion of deferred giving so dangerous for Christians with a surplus is that they can be seduced into thinking that, because they have made plans for future gifts after they eternally relocate, they are somehow being generous today. We should not feel good about ourselves simply because we intend to be generous once we can no longer personally possess our "stuff" any more, knowing we can't take it with us.

Of course, if a person is worth $1 million and they need all those assets to maintain their lifestyle, giving that $1 million away once they leave this world may be the best they can do to make a major Kingdom gift. But for the family worth, say, $10 million, or $50 million, or more, whose pile of stuff is well beyond what they or their family will ever need in this life, to choose to simply give it all away after they can no longer continue to possess it—instead of deploying their surplus wealth now—may not be generous at all.

Even though Andrew Carnegie was not a follower of Jesus, he had a philosophy of possessing wealth that I think is very biblical indeed. It was his goal to give away all his wealth in his lifetime. In his book *The Gospel of Wealth,* he made a sobering assessment of those with wealth. "The man who dies leaving behind him millions of available [surplus] wealth, which was his to administer during his life, will pass away 'unwept, unhonored, and unsung,' no matter to what uses he leaves the dross which he cannot take with him. Of such as these the public verdict will then be: 'The man who dies thus rich dies disgraced.'"

In spite of his efforts to divest himself of his wealth to do good and help others, Carnegie still died quite rich, simply because he could not give his wealth away as fast as he was creating it. R.G. Letourneau, the inventor of heavy earth-moving equipment and a committed follower of Jesus, realized the same joyful frustration in his giving. By the end of his life, he was giving away 90% of his yearly income and significant portions of his wealth, yet he continued to grow richer and richer. When asked how he could be giving so much away and still be so rich, he responded, "I shovel it out and God shovels it in, but He has a bigger shovel!"

How sad it would have been for all of us if these men, and scores like them, had simply chosen to give their excess wealth away after they left this earth (deferred giving). And even more so, how sad for them. They would have been deprived of all the earthly joy and blessing that come from giving, as well as losing the additional heavenly rewards promised to believers (Matt. 19:21, 6:19-20). I like the statement, "Do your giving while you're living, so you're knowing where it's going." Giving substantial, surplus wealth away while we are still here requires faith, and God will bless and honor that giving faith. Deferred giving requires no faith at all. At its core, the mindset is this: "Once I am gone and have had all my needs and desires met for all of my life here on earth, I will give to the Lord whatever I have left after I am done with it." This strikes me not as "first-fruits" giving, but as "last-fruits" giving.

The stewardship goal for those of us whom the Lord has blessed with material excess should be to first determine just how much of what we have is actually excess, and then decide how we can most effectively deploy our surplus for Kingdom purposes. There are three key stewardship questions that every family of wealth must answer in order to maximize their lifetime giving: (1.) How much is enough for us? (2.) How much is enough for our heirs? (3.) What are we going to do with what's left over?

You cannot answer question three until you have first answered questions one and two. And since very few affluent families have a good answer for questions one and two, they routinely give substantially less of their surplus wealth away during their lifetimes than they could or should. Because they do not know how much of what they have is actually surplus wealth, they consequently leave the bulk of their giving to some future deferred gift to be deployed by someone else.

My encouragement to all of us with surplus resources is to first take the time and make the effort to answer these three important stewardship questions. Once you have them answered, start proactively deploying your excess wealth for Kingdom purposes now so that your giving will not just have a Kingdom impact *someday*, it will have a Kingdom impact *today*!

## Ministry Giving

Over the years, I have heard stories from frustrated donors who made a gift to a ministry only to realize their gift didn't end up doing what they intended for it to do. Maybe the most extreme example was a client who told me that his former pastor had approached him about donating $50,000 to the church to underwrite a mission project, but once the funds were donated, the church ended up using those funds to install an elaborate chandelier in the church foyer. The unhappy client told me, "That's the last money that church will ever get from me!" And rightfully so.

We saw the same thing happen during the Katrina disaster, where concerned Christian families donated millions of dollars to Habitat for Humanity to help rebuild New Orleans. The problem was that Habitat did not have an operational model to do mass home renovation, demolition, and reconstruction projects like this. Their model is to build one home at a time using volunteer labor. These compassionate donors had a great

idea and great intentions, but the money they donated to Habitat did very little to achieve what their gift was intended to achieve—to help Katrina victims.

I hear from affluent Christians with some regularity that they are not entirely satisfied with their giving outcomes, for the most part not really knowing if what their gift was given to do actually got done. This leads to them often being quietly frustrated with many of the charitable gifts they make.

Unfortunately, we cannot assume that just because we make a gift directly to some reputable ministry, the gift will really end up accomplishing what we desired. To give us some guidance on effectively making impactful gifts to ministry, I contacted my friend and colleague Al Mueller, President of Excellence in Giving, and asked him for some insight on this matter of ministry giving. His organization assists high-capacity donors in making strategic and effective gifts to ministries. Al suggested that there are four questions a donor should ask as guidelines before making a gift to a ministry.

*1. Do I have a clear idea of what I want my gift to actually do?*

You have heard the old saying, "If you don't know where you want to go, any road will get you there." The first task in making a gift is knowing exactly what you want your gift to accomplish. If, prior to your gift, you do not have a clear sense of what outcome you want this gift to produce, you can expect it will "miss the mark." If we want to accomplish more than just giving for the sake of giving—if we want our giving to do something that really matters—we first need to be clear on what we want our giving to do.

*2. Is there a reasonable probability that this ministry can use my gift for the purpose for which I am giving it?*

The Habitat example above is a good example of generous people wanting to help others following this natural disaster. Unfortunately, they chose to give to a ministry whose model of operation was not conducive to helping with this kind of disaster. It was the right idea, but the wrong organization to do the job. Many times folks will make a gift to a ministry they like and ask them to do something with their gift that they cannot really do.

*3. Is this ministry both effective and efficient?*

We must assess, prior to our giving, whether a ministry is both effective (they are doing the right things) and efficient (they are doing them well). I think we would agree that the most efficient ministries are not necessarily the best promoters of themselves, and the best promoters are not necessarily the most efficient. The organization that has the most professional brochure may not necessarily have the most efficient operation. It would be wise to look past the promotional "window dressing" of a ministry and drill down further to discover, "How much of what I will give to this organization will actually do what I am making this gift to do?" The answer may surprise you.

4. *Does the ministry have a core competency in the area I want my gift to impact?*

Can the ministry accomplish what I desire with my gift? Is it their core competency? Most ministries have one core competency and then a number of other peripheral competencies—other things they can do, but not their primary focus. In other words, is your "main thing" their "main thing"?

When is a gift really a gift? When it does what you meant for it to do. Giving is easy. Giving wisely, now that's a challenge!

## ABOUT THE AUTHOR — E. G. "JAY" LINK

E. G. "Jay" Link has a unique combination of being an ordained minister with a Master Divinity degree in Biblical Theology and a professional Stewardship planning coach who for over 40 years has been working with very affluent Christian families to enable them to optimize their Kingdom impact with all that the Lord has entrusted to them to manage. After retiring from his personal practice, he then served for five years as Director of Taylor University's Stewardship Planning Ministry, which he launched for them. Most recently, Jay founded the Stewardship Resource Group to serve Christian ministries, colleges, and churches to better minister to their highest capacity families. He has written six books, hundreds of articles and has provided extensive training curriculum for hundreds of professional financial and legal advisors in how to provide stewardship planning services for their clients.