



Northwest Assistance Ministries was conceived a quarter century ago to provide resources to families in need in Northwest Houston. The concept was visionary—various congregations would leave their theological beliefs at the door and work together to serve the community’s less fortunate members. This vision has matured into the rich variety of programs and services that is Northwest Assistance Ministries today. Its success is due in no small way to those friends and members who have shared the founders’ common goal.

The Endowment Fund of Northwest Assistance Ministries was formed to ensure the perpetuity of the founders’ legacy. You can add your personal legacy to theirs through a carefully planned gift to the endowment fund.

### **Gifts of Bequests**

Your will is the easiest way to distribute your estate and it can be used as a creative vehicle to make thoughtful arrangements to those charities you care about most. By having your attorney create or revise your existing will, you can provide for the needs of your loved ones as well as choose how you would like to help Northwest Assistance Ministries and other selected charitable organizations and institutions. You can leave a bequest of a certain dollar amount, a percentage of your estate, or of the remainder of your estate after you have taken care of your loved ones. You may also wish to name charitable recipients in case one or more heirs may not survive you.

Your gift is removed from your estate for estate tax calculations, and the tax savings may allow you to make a larger gift than you could otherwise. To ensure that your gift is transferred as planned, please contact the development office of Northwest Assistance Ministries for the correct wording of your bequest.

### **Gifts of Life Insurance**

- Are you considering a gift to NAM made after your death?
- Would you prefer to make a gift from income rather than principal?

Your surplus, paid-up life insurance policies can be used to make a gift to the NAM Endowment Fund.

If you acquired several policies when your family was younger, you may now have more coverage than you need. If you donate a policy, your charitable deduction will be the lesser of the fair market value of the policy – your financial advisor can guide you in determining this – or your cost basis, which is the total of your net premium payments.

Alternatively, your annual income may be healthy, but you know that ongoing family obligations will make it difficult to accumulate capital. You want to make a significant gift to NAM, but

wonder how you will gather the resources to do so. If you take out a new life insurance policy as a gift, you can deliver a large benefit to the NAM Endowment Fund from income rather than capital. You can make deductible annual gifts to the NAM Endowment Fund in the amount of the premium payments. In turn, the NAM Endowment Fund will pay the premiums to the insurer.

You can also transfer ownership of an existing policy which is not yet paid up. Your charitable deduction will be determined in the same way as if you had donated a paid-up policy. The NAM Endowment Fund reserves the right to surrender the policy or to keep it in force; you can make deductible gifts to offset the premium payments if we elect to continue the policy.

### **Gifts of Retirement Assets**

- Are you considering a gift to NAM made after your death as part of your estate?
- Do you have a 401(k), IRA or other retirement plan?
- Do you want to ensure the most efficient distribution of the assets in your estate?

Your largest asset may be your retirement plan — your 401(k), Keough, or other such accounts. When you plan your estate, it may seem natural to automatically designate a child or relative as the beneficiary of your account after your death and to use other assets to make charitable gifts. There is a tax trap in such an arrangement. The IRS considers the balance left in your retirement account to be untaxed income. The income tax is in addition to estate tax on the account balance. For estates fully subject to the estate tax, up to 75% of the value of the retirement plan can be consumed in taxes before the beneficiary receives it.

There is an alternative. Name the NAM Endowment Fund as the beneficiary of your retirement plan, and use other assets (not subject to income tax) to make gifts to your heirs. Since NAM is a non-profit organization, it does not pay income tax on the distribution and the gift will not be subject to estate tax.

When making a gift from your retirement plan, remember to direct the gift to the NAM Endowment Fund via your plan's beneficiary designation form. Don't use the balance in your retirement account to satisfy a specific dollar-amount bequest already contained in your will. Your estate will be treated as having received taxable income if you do so. You may choose to make the NAM Endowment Fund a partial beneficiary of your plan and still direct the balance to your heirs.

To make a gift of your retirement assets, consult your plan administrator and an attorney specializing in retirement planning and charitable gifts.

***For more information on planned giving, contact NAM's Development Director  
at 281-885-4605 or at [mmagee@namonline.org](mailto:mmagee@namonline.org).***