



Church Giving and The New Tax Law

Giving to houses of worship was a truly a “win-win scenario” in 2017. Our congregants gave from their hearts in support of our mission, and, in doing so, received the opportunity to deduct those contributions on their tax returns. According to Giving USA, charitable giving to religious organizations comprised 32% of all charitable giving in 2016. Clearly, our church members know the meaning of generosity.

However, this situation may change for the 2018 tax year. Effective January 1, 2018, the new tax law, the Tax Cuts and Jobs Act of 2017, offers a mixed bag for churches regarding congregant giving. Projecting how the new tax law will impact giving is difficult, as the tax law “giveth and taketh away” in its impact on giving to religious organizations.

On the giving side, the new tax law lowers tax brackets, resulting in higher take home pay. In theory, congregants should have additional disposable income to use for giving. The tax law also allows for other avenues of giving that may appeal to certain church members. Donations of appreciat-

ed assets such as stocks, bonds and real estate, allow givers to significantly reduce taxes as do Qualified Charitable Distributions from an Individual Retirement Account.

On the flip side, in an effort to simplify tax filings, the new law raised the standard deduction almost two-fold, to \$12,000 for single filers and to \$24,000 for married filers, which may result in a lower number of taxpayers choosing to itemize and, in turn, may reduce church giving. Another area where churches may see an impact from the new tax law, is in the increase in the size of estates subject to Federal estate tax. This threshold was increased to \$22 million thus reducing the incentive for smaller estates to donate estate proceeds to churches and ministries.

As mentioned, it is difficult to project the impact of the new tax law on individual congregations, so it is best to view these changes as an opportunity to re-engage with congregants and share our mission and vision with them. Church members want to better understand the good we are doing in our church community and the wider world. The change in the tax law may be

used as a conversation starter to let church members know the good that is accomplished with their donations. Some suggestions to engage church givers:

- Focus on the positive that donations can do rather than the loss of deductibility
- Engage congregants regularly about stewardship
- Share financial information about church operations and programs so givers better understand needs and desired outcomes
- Set expectations for church member giving
- Share impactful stories of how giving makes a difference as personal stories resonate with givers
- Seek feedback to better understand what motivates givers
- Expand how donations are received including using your website and online platforms
- Respond to church givers with a heartfelt “Thank you”

The Life Safety Code and Your Church

The National Fire Protection Association (NFPA) was established to write fire and building codes to cover every type of building or industry, to help keep people safe. One of THE most important codes is the Life Safety Code, NFPA 101. This code was established to make sure that in the event of a fire, people can exit the building safely and not be trapped inside.

The Life Safety Code is organized in sections based on the type of occupancy. Churches, auditoriums, and halls fall into the category of Assembly. This is generally defined as an occupancy used for a gathering of 50 or more persons for deliberation, worship, entertainment, eating, drinking, amusement, awaiting transportation, or similar uses.

Here are some important elements of the Life Safety Code:

- Fire alarm systems – this includes means for detection of a fire and audible notification, such as a siren (sprinkler systems, smoke detectors, and pull alarms). This is important because it notifies a large group of people at once. These systems should be tested by a certified contractor on a regular basis.
- Portable fire extinguishers – extinguishers should be provided, serviced annually, and used by only by properly trained personnel.
- Occupant load – the number of people anticipated to be in the building is a function of the intended use of that building. The maximum occupancy load, which is a calculation based on assembly count and square footage, should be posted on a sign in a conspicuous place near the main exit or exit access doorway from the room. The occupancy load determines the minimum number of exits and the width of the exits. If there are questions

about your number of occupants, consult your local building department.

- Number and arrangement of exits - in general terms, at least two exits need to be provided from each building. In an assembly, it is also important that the entrance/exit be adequately sized, and must be kept accessible at all times.
- Exit signs and doors – signs are needed to identify exits and direct the ways to get to those exits. Signs should be lighted and bulbs should be replaced regularly. If there is an exit sign above an exit door, it is important that the door can be easily opened (no more than 15 lbs of force). Exit doors cannot be kept locked and must be easily accessible from inside without keys, tools, or special knowledge. One good solution is panic hardware, a push bar on the inside of the door that pushes out to open the door. This allows the door to be locked from the outside, but easily accessible from the inside. If a door is kept locked and not being used as an exit, a sign must be posted above it that says “Not An Exit.”
- Emergency Lighting – When a fire occurs in a building, visibility is one key factor that could affect how occupants react to an emergency situation and their ability to evacuate. Emergency lighting is very important, and should be tested on a regular basis. Bulbs should be replaced as needed.

The Life Safety Code is extremely important to protect lives and keep our congregants safe. This applies not only to the sanctuary, but can also apply to halls and auditoriums. Make sure the elements of the code are implemented and maintained.

Parental Permission & Medical Consent Forms

While release forms cannot avoid liability for injuries to minors, there are other forms that churches should consider. For example, churches should not allow a minor to participate in any church activity (camping, boating, swimming, hiking, or sporting events) unless the child’s parents or legal guardians sign a form that:

1. Consents to their child participating in the specified activity.
2. Certifies that the child is able to participate in the event (e.g., if the activity involves boating or swimming, the parents or guardians should certify that the child can swim).
3. Lists any allergies or medical conditions that may be relevant to a physician in the event of an emergency.
4. Lists any activities in which the parents or guardians do not want the child to participate.
5. Authorizes a designated individual to make emergency medical decisions for their child in the event that they cannot be reached.

Ideally, the form should be signed by both parents or guardians (if there are two), and the signatures should be notarized. If only one parent or guardian signs, or the signatures are not notarized, the legal effectiveness of the form is diminished. Having persons sign as witnesses to a parent’s signature is not as good as a notary, but it is better than a signature without a witness.

The form should require the parent or guardian to inform the church immediately of any change in the information presented, and it should state that it is valid until revoked by the person who signed it. The parent or guardian should sign both in his or her own capacity as parent or guardian, and in a representative capacity on behalf of the minor child. A sample permission slip can be found here: <https://www.InsuranceBoard.org/safety-resources/youth-activity/>

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Understanding Your IB Policy: Vacant Church

The sad reality is churches and related organizations sometimes close and dissolve. What happens to the buildings and property? Is it possible to get insurance coverage for vacant buildings?

Denominational offices, and sometimes even churches themselves, find they are the beneficiary of a building that is vacant and unoccupied. Free building! Sounds great, doesn't it? Not so fast.

One of the major expenses to maintain a vacant building is insurance. Many insurance companies will not offer coverage because vacant buildings represent a significantly higher risk. Insurance Board is different. We strive to meet your needs and sometimes that means providing insurance for vacant buildings. However, the additional premium to do so is necessary to cover the risk, and can be a shock. In general, it is roughly double. Also, some vacant buildings cannot be accepted, depending on the condition.

It is important to know the insurance coverage differences for vacant

buildings too. In short, the following causes of loss are not covered:

- Vandalism
- Sprinkler leakage
- Building glass breakage
- Water damage
- Theft or attempted theft

For all other covered causes of loss, the claim payment is reduced by 15%. Some common questions church representatives will ask:

- What makes a building "vacant"?
- What if the building is used for storage?
- What if there are occasional meetings or office space at the building?
- What if someone checks on the building periodically?

Every situation is different but most of the above scenarios would be considered vacant. The insurance policy language will be used to determine "vacancy", which states, in part, the following:

- "Such building is vacant unless

at least 31% of its total square footage is" ... "used to conduct customary operations."

- "Buildings under construction or renovation are not considered vacant."
- "Dwellings of four families or less that are intended for employee occupancy are not considered vacant provided they have been used in that manner within 365 days prior to the date of loss or damage."

Last, but not least, the following loss control practices are strongly recommended for vacant buildings:

- Lock and secure the building, including a monitored burglar and fire alarm system
- Maintain minimum utilities; electricity for exterior lights, heat, sprinkler (regularly tested), etc.
- Turn off water and winterize plumbing pipes (if applicable)

If you have any questions, contact your IB Agent!

Art Contest Time!

Church fires are much more common than you might think. There are many different sources of ignition, which can cause them. It is very important to recognize these hazards, take actions for prevention, and be prepared to respond in the event of a fire. By educating our congregation and children, we can all do our part to keep our members and buildings safe.

Our theme for 2018 is: "Fire Awareness Saves Lives and Our Churches"

This is an opportunity to put summer art activities directly to work in the care of your churches and camps. Discuss with children how fires occur. Ask them to create images and messages presenting ideas to prevent them. We can provide you with a guideline for topics to cover.

Three CASH prizes of \$1,000 each to the sponsoring Church or Camp:

One Prize — Ages 7 and Under

One Prize — Ages 8 to 12

One Prize — Ages 13 to 17

Winners and Runners-Up will be featured in the 2019 Insurance Board Calendar

First 24 Churches/Camps that email Danielle Grasso confirming participation will receive a \$50 art supply reimbursement. Danielle will send you full details and teaching guidelines: DGrasso@InsuranceBoard.org





Yes, Sexual Harassment Can Occur in Your Church!

Be Informed! Take Steps to Prevent Harassment and to Protect Your Employees and Congregation.

Sexual harassment has been in the news a lot lately, with multiple celebrities and politicians being accused of sexual misconduct and impropriety. Sexual harassment is an illegal form of sexual discrimination, and is a violation of Sec. 703 of Title VII of the Civil Rights Act. Sexual Harassment, as defined by the U.S. Equal Employment Opportunity Commission (EEOC), includes “unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature.” The EEOC states that harassment does not have to be sexual in nature, as remarks regarding a person’s gender may be considered offensive.

Men and women may be the victim or the harasser. There are two types of sexual harassment. The first is “quid-pro-quo,” which involves employment status or opportunities being compromised based on a social or sexual relationship. The second type of harassment is that which creates a

“hostile environment,” through unwelcome verbal or physical contact. Perpetrators of sexual harassment can include co-workers, church members, or persons from outside of the church.

The law itself doesn’t prohibit off-handed comments or teasing, but is instead targeted towards situations that create a hostile or offensive work environment, or comments that lead to a detrimental employment result. The harasser’s conduct must be unwelcome and pervasive enough that it can reasonably be considered a hostile environment. It is helpful for the victim to inform the harasser directly that it must stop.

The perpetrator is ultimately responsible for his or her acts, however, the employer may also be liable if the harassment occurred at work or if the employer should have reasonably known about it.

What are some steps a church can do to both prevent such a situation

and to protect itself?

- Develop a written sexual harassment policy
- Train employees (include their awareness of said policy)
- Conduct boundary training to teach clergy and spiritual leaders about healthy boundaries
- Monitor activities
- Be diligent and respond timely to any allegations

There is a statute of limitations on lawsuits regarding sexual harassment, and specific state laws should be examined.

Defending against such allegations can be very expensive. If an employee is terminated and was accused falsely, the church may face a wrongful termination lawsuit. In addition to the monetary cost to fight such a lawsuit, it can affect or ruin the church or organization’s reputation. It is important to take steps to protect your church before a potential situation arises.

Insurance Board Webinars for 2018

The following webinars are scheduled for 2018. These webinars are free and open to all. Webinars are scheduled to begin at 2pm Eastern. To register for one of these webinars click on this link, and click on “Insurance Board Webinars”: <https://www.insuranceboard.org/online-learning/>

- Wednesday, May 9th: Ladder Safety (The Hartford)
- Wednesday, May 23: Sex Offenders in Your Congregation: Recommendations and Best Practices (UCC General Counsel Heather Kimmel)
- Wednesday, August 8th: Unique Risks Preventing Sexual Abuse in the School Environment (Praesidium)
- Wednesday, September 12th: Trending Risk Management Concerns for Churches (Insurance Board)

