

The Legacy of Waqf

Waqf refers to the gift of money, property or other items of charity, which have been held and preserved for the confined benefit of certain philanthropy. The *waqf* property is prohibited from being used or disposed of outside of the specific purpose for which it is held. Since the definition of *waqf* implies a perpetual nature, *waqf* applies to non-perishable property whose benefit can be extracted without consuming the property itself. This type of property includes real estate, stocks, cash money, books, and chattel.

Waqf is a form of continuous charity (*sadaqah jariyah*), and the rewards for this type of charity continue even after the donor's death—for as long as people continue to benefit from the *waqf*. The Prophet (PBUH) said in the well known hadith,

“When a human being dies, his work for God comes to an end except for three: a lasting charity, knowledge that benefits others, and a good child who calls on God for his favor.”

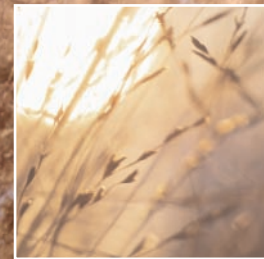
(MUSLIM)



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ISNA DEVELOPMENT FOUNDATION



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Historical Use of Waqf

Waqf revenues are most frequently spent on mosques. This includes salaries of the Imam, teachers of Islamic studies, and maintenance of the mosque property. Education in general is the second largest recipient of *waqf* revenues. Since the beginning of Islam, education has been financed by *waqf* and voluntary contributions. *Waqf* financing of education usually covers libraries, books, salaries of teachers and other staff. The third largest beneficiary of *waqf* is the needy: those with very low income, needy orphans, persons with disabilities, the elderly and so on.

Planned Giving in North America

By law, a certain portion of each person's wealth is designated as *social capital*. Social capital is the amount of wealth that cannot be passed to heirs, and must be given to philanthropic causes. Typically, social capital is conveyed through estate taxes. A major downfall of transferring social capital through taxes is loss of control. The person who is giving the money does not have a say in how the money will be used. Charitable estate planning allows a donor to retain control over how his or her money will be spent.

Islamic *da'wah*, Islamic Centers and Mosques, Leadership Training, Youth Development, and Community Outreach programs can survive and expand only through the efforts and contributions of Muslims in North America. Americans give billions of dollars to charity every year. Muslims must aim at supporting our mosques and our religion by our own generous contributions, seeking our reward always from Allah, the Real and Ultimate Provider and Sustainer of all.

There are different ways of giving to ISNA's Endowment Fund that not only give you the satisfaction of seeking Allah's reward, but also multiply in the hands of your

non-profit Islamic organization. If you wish to make a *waqf* to ISNA's Endowment Fund, you have several options to choose from, such as a charitable bequest or a charitable annuity. In addition, as a donor, you are entitled to a tax deduction.

Therefore, give as much as you can, and we, in the ISNA Development Foundation, will help you select the type of giving that allows you to maximize your tax deductions.

Types of Gifts

BEQUESTS:

One of the most common and easy to execute planned gifts is a bequest, which is also known as a *wasiyyah*. A bequest is a special provision in a donor's will, whereby an individual or organization is designated to receive property at the time of the donor's death, for a charitable purpose. Giving through a bequest costs nothing now, yet it may give you a great deal of satisfaction to know that your future gift will live on. In addition, as a donor, you retain the right to change your bequest as your lifestyle changes. A donor can designate a specific amount or percentage of his or her estate to benefit ISNA, by simply including the language "I hereby give, devise, and bequeath to The Islamic Society of North America the sum of \$ _____, or _____%, or _____ fractional interest of, or residue of my estate."

CHARITABLE GIFT ANNUITY:

A charitable gift annuity is a simple contractual agreement between a donor and the non-profit organization whereby the non-profit organization agrees to pay a fixed annual income for life to the annuitants in exchange for money or assets transferred to the non-profit organization. A charitable gift annuity provides a guaranteed fixed amount of income for the rest of the annuitant's life. In addition, at the time of transfer, the donor receives a substantial tax deduction for the property that was transferred, as well as receiving

an over-all reduction in estate tax. Charitable gift annuities can be funded with cash, real estate, or appreciated securities. A gift such as a charitable gift annuity helps to ensure ISNA's future and stability.

CHARITABLE REMAINDER UNITRUSTS:

The charitable remainder unitrust is an arrangement in which the donor irrevocably places money or property into a trust, with instructions to pay someone (usually themselves) income for life. At the end of the lifetime of the beneficiary, the remaining trust property passes to the named non-profit organization. A charitable remainder unitrust is a *waqf* with an income condition. This instrument of planned giving is one of the most versatile because it increases income for the donor, avoids capital gains tax, reduces estate tax savings, and allows the donor to defer income until retirement, if he or she wishes.

What You Can Do Now

ISNA Development Foundation welcomes your inquiries, which are held in strict confidence, and stands ready to assist you. Please feel free to contact the ISNA Development Foundation at (317) 839-8157, ext. 249, or if you prefer, email us at legacy@isna.net. We encourage you always to consult with your own attorney or trusted advisor, as well.

The steps you can take include:

- Establish an estate plan, and include ISNA among your beneficiaries;
- Update your existing estate plan to include ISNA;
- Let us know if you have already included ISNA in your estate plan, or if you intend to do so;
- Call us with any questions you may have about how to precede.

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