

creative giving

RENEWED JOY. renewed vessels.

INCOME BASED GIVING

Priority Budgeting Some people may choose to rearrange their priorities in order to give greater gifts to an appeal. This may lead to postponing a planned expenditure such as a new car, boat, vacation home, etc. One couple delayed the purchase of a new SUV and applied the same monthly payments toward the appeal; enabling them to give an additional \$20,000.

Re-channeling a Present Expenditure Many families who incur short-term heavy expenditures for special needs, for example while their children attend college, learn to budget their money so they can cover those expenditures. The same philosophy applies when budgeting money to support their church's vision.

Unexpected Cash A couple who unexpectedly received an inheritance of several thousand dollars decided to give the entire inheritance to their church to expand their gift to the building project. Other people give their income tax refunds.

Increases in Income Many people have incremental salary increases, overtime, or bonuses which they include as part of their gift.

Income Various types of investments distribute interest or dividends. If the donor is not using the distribution for current income, rather than be reinvested, the interest or dividends may be assigned, for a defined period, to the charity. The donor retains ownership of the asset.

Extra Work One man in the process of retiring when the church undertook an appeal secured a new job and gave the first three years of his retirement income to the church. Another woman worked an extra year beyond retirement and gave the full amount to the building project.

Tax advantages should never be assumed. The various gifting strategies have certain tax implications which may or may not affect a specific donor's personal income tax liability. For expert assistance, consult a tax attorney or tax accountant.

ASSET BASED GIVING

Appreciated Assets A gift of investment assets which have appreciated in value is one of the most common gifting strategies.

Stocks and Bonds Funding charitable giving with appreciated stocks or bonds can be very advantageous to both the donor and the church. The donor will avoid paying any capital gains taxes while receiving a full value charitable deduction, and the church will receive a very liquid asset. To claim all these benefits, the stocks/bonds must be transferred to the church rather than selling them and donating the proceeds, which then turns the gift into an ordinary cash gift.

Life Insurance Some people have accumulated cash in insurance policies which they give to the church. Others purchase new policies with the church as beneficiary or name the church beneficiary of an existing policy. Donors may also give the policy as an outright gift.

IRA Rollover It is possible to make a gift directly from an IRA. Donors who are 70 ½ years or older may rollover gifts up to \$100,000/year directly from their IRA to the church. This rollover will count toward their Required Minimum Distribution, will not be taxable income, but will also not be allowed as a charitable deduction for those who itemize their deductions. Donors should contact their IRA administrator to direct their rollover gift to the church.

Gift Annuity The donor funds a gift annuity with an appreciated asset and gives it to the church; in turn the church distributes a lifetime, or defined period, of income to the donor, and/or spouse. This is an excellent way to convert an appreciated asset into an income source for the donor.

Charitable Trusts Assets are held in a trust. 1) The trust distributes income to the donor until death (or defined event) causes the asset to be distributed to the charity. 2) In a lead trust, income is distributed to the charity until death (or defined event) causes the asset to be distributed to the donor's estate or family.

