

# Giftng Solutions

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It is our objective to provide a number of different giving options designed to assist you in discovering innovative ways that you might utilize to help finance the fund raising campaign for the Children/Preschool and Youth/Multipurpose Buildings at St. Andrew Baptist Church. Many will choose to make weekly or monthly gifts along with their tithes. Others may make a onetime gift or will choose to give once a year. But for some, the following examples may prove to be a more mutually beneficial gifting solution.

Bill Bass of WD Bass & Company, PA, specializes in Financial and Estate Planning. Mr. Bass will be available to answer questions and provide additional insight on November 10<sup>th</sup> at 7 pm and November 12<sup>th</sup> at 4 pm and 7 pm in 'D' Building, Room 110. We suggest that you choose one of these times to hear of the latest innovative gifting solutions, and we strongly urge you to seek professional assistance to insure that your gifts are given in a tax efficient manner that maximizes your benevolent act. It is our desire that the following examples would spur your imagination to seek and find innovative ways to give to the building campaign.

## Selling a Business

Paul began his business in Panama City nearly 50 years ago with money borrowed from a local bank. Today, the company is worth \$10 million. Bro. Paul has grown his tithe across the years to the point where he gives 20% of his gross income. He wishes to do the same as he seeks to sell his business.

If Bro. Paul makes his charitable gift after he sells his business, he must pay capital gains tax of approximately 15% on the entire transaction. If Paul gives SABC 20% of the company prior to the sale, and allows SABC to sell that portion of his company to the buyer of his business, there will be no tax owed on the \$2 million. Thus, that portion of the capital gains tax that Bro. Paul saves can also be used to finance the building campaign without affecting the amount that he would have normally realized from the sale and contribution.

## Savings Bonds

Bruce has savings bonds that he has owned for years which he desires to donate to the building fund at SABC. Bruce must report the interest income but will receive an offsetting deduction for the cash gift.

## Stock

Larry has held stock for one year and one day and he desires to give the stock to the church. Larry can sell the stock himself and pay capital gains tax on the stock or he can give the stock directly to the church. If he chooses to give the stock directly to the church, then he will not incur any capital gains tax. The amount claimed as a deduction would be the value of the stock on the day of donation.

## **Real Estate Gifting**

Sarah and Matt purchased a piece of property 30 years ago for \$50,000. Recently, the property was appraised for \$500,000. Sarah and Matt had a great desire to sell this asset and give the proceeds to the building campaign at SABC. To do that would have meant that they would have sent tens of thousands of dollars to the Federal government in taxes, instead of the building program at SABC.

Then Sarah and Matt learned that they could gift their property directly to SABC. SABC would sell the property and use the proceeds to fund the building campaign. Sarah and Matt realized some important benefits:

1. No Capital Gains Tax. They avoided capital gains tax, saving \$67,500. These monies can be used to finance the building campaign at SABC.
2. Higher charitable income tax deduction. Sarah and Matt would receive a tax deduction of \$500,000, the timely fair market appraisal of their property. SABC received a gift valued at \$500,000 rather than \$432,500. The personal income tax savings to Matt and Sarah proved to be very significant.

## **Non-Cash Gifts**

During the fund raising campaign at SABC, Steve desired to give his valued diamond ring to the church. The ring, valued at \$10,000 was given to be sold by SABC and the cash used to finance the building campaign. SABC had other non-cash gifts given that were sold and turned into cash. The list of items included; vehicles, boats, recreational vehicles, personal water craft, fur coats, four-wheelers, jewelry and art work. Since SABC had no barns or corrals, one individual sold several calves and donated the proceeds to the building campaign. Another had a paid-up life insurance policy that he gave to the church to be cashed in and the cash given to the building program.

## **Gifting Through Your Will Or Revocable Living Trust**

Margaret and Lee were thrilled that their children had grown to be successful parents in their own right following after God as they were taught at SABC. Margaret and Lee wanted to leave the family heirlooms to their kids, however, they wanted to make sure that they honored God with their stewardship in what they were leaving behind. They chose to do this by giving a percentage of their estate to SABC. They prayerfully sought God's will in the matter, explained their decision to their children and grandchildren and then changed their will to reflect their desires.

## **Retained Life Estate**

Tommy and Kim felt led to make a substantial gift to the church but found that their largest asset was their home. They gifted their home to the church with the stipulation that they be able to remain in their home until both were deceased. They faithfully made provisions to pay the real estate taxes and set aside monies to handle routine and expected maintenance. Upon their passing, SABC received their home and after selling the house used the proceeds toward the building fund at SABC.

## Pledging of Future Earnings

Fletcher was completely convinced that Now Is the Time for the building plan approved by SABC to go forward. Fletcher, an established home builder, determined in his heart that he would build one extra house each of the next three years and donate his profit from each of those houses to the building fund campaign.

Gene and Bea owned a piece of real estate that they wished to sell. They desired a portion of the proceeds to go to the building fund campaign at SABC. Their pledge of 25% of the sale of the property was gifted directly to SABC at the time of closing.

## Charitable Gift Annuity

Chris and Trish were both 75 years of age, retired and deeply troubled by the drop in their income as a result of lower interest rates on their fixed-income investments (CD, bonds and money market funds). Still, their desire was to support the building program of SABC. They had raised their four girls in SABC and wanted to give so that others might enjoy the same benefits that they had realized through the years of preschool, children's and youth activities that helped reinforce biblical teachings that the girls had learned at home. They determined that they could do this through a Charitable Gift Annuity.

Chris and Trish started a CGA by funding it with a \$25,000 check. They received an immediate tax deduction for a portion of the funding amount, and ***based upon their age and life expectancy***, received fixed periodic payments of \$1,575 per year for life (6.3% of \$25,000). A significant portion of each periodic payment was tax free.

## Withdrawing from Retirement Assets

Lauren, age 59 ½, determined that the gifting solution best suited to her situation was to withdraw from her retirement assets. Lauren was able to do this, without penalty, and made a cash gift to the church. She must report the income, but will receive an offsetting deduction.

## Charitable Remainder Trust

This gifting solution allows you to transfer assets into the trust, you receive payments for personal use for a period of time or for your lifetime, and the remaining trust balance goes to SABC. This solution can be contrasted with the [Charitable Lead Trust](#) which also allows you to transfer assets into a trust, the periodic payments are made to SABC, and the remaining trust balance returns to you or goes to your heirs after your death.

## Charitable IRA Legislation for 2008 and 2009

If you are required to receive minimum distributions from your IRA and do not require the money for personal use, you might consider using these funds as a charitable gift. While you may not claim the charitable deduction for the IRA gifts, you will not pay income tax on the amount. This legislation is for 2008 and 2009. You may contribute funds this way if:

- You are 70 ½ or older
- Your IRA gifts total \$100,000 or less in 2008 and 2009
- You transfer the funds directly from an IRA
- You transfer the gifts outright to one or more public charities.

### Benefits

- In most cases, the transfer counts toward your minimum required distributions.
- The gift generates neither taxable income nor a tax deduction, so even those who do not itemize their tax returns receive the benefit.
- You may transfer up to \$100,000 from your IRA in 2008 and 2009
- The distributions may be in addition to or fulfill any charitable giving you have already planned.

Be sure to contact your tax professional and/or your IRA administrator if you are considering a gift under this law.

Our aim in providing this brochure was to encourage you to think of innovative solutions to giving to the SABC building campaign. We would strongly urge you to seek professional advice from qualified CPA's, Tax Planning, or Estate Planning Professionals who are able to insure that your desires are carried out in the most tax efficient manner.