GIVING
from the
HEART

A Legacy that Lasts Forever

Thank you for your friendship with the Son Shine Ministries' team! We are grateful to you for your support and prayers. Our shared hope is that the work of this ministry will continue far into the future. For this reason, we are asking you to prayerfully consider planning a legacy gift to Son Shine Ministries. This booklet, put out by the ECFA (Evangelical Council for Financial Accountability), is up-to-date with current charitable giving laws and will help you consider what works best for you. Of course, with all such big financial decisions, we encourage you to discuss this with your family and financial advisor before making a decision. Also, feel free to contact us (817-444-3777) to discuss what God is doing now in the ministry and to share with us your planned giving. God bless you!

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ECFA Members since 2000

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Giving from the Heart

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Charitable giving is often like pieces of a puzzle.

How can I focus on stewardship when I can't get one car paid off before I need another one?

Am I giving enough if I tithe my income?

When should I sell an asset and donate the proceeds? When is it best to donate the asset instead of selling it?

Is it wise stewardship to transfer assets to a charitable remainder trust?

If I use a revocable living trust, will I save income or estate taxes?

Is it wise to leave the assets in my Individual Retirement Account to my family or should they be given to my favorite charity at my passing?

Puzzling? Yes. How can I fit the pieces together? This booklet not only offers answers to many of your questions on charitable giving—it is a starting point for your quest to be a better steward.

The starting and the finish line for giving? It all belongs to God. Not just our money, our home, our car, but everything! You cannot lose anything that you give to God since He owns it all (1 Cor. 4:7).

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What should we give? We must first give ourselves to the Lord. The Apostle Paul commended the Macedonian Christians not only for their generous giving but because they "gave themselves first to the Lord" (2 Cor. 8:5).

Why should we give? God wants us to give from a willing and obedient heart. Our attitude is the key. "God loves a cheerful giver" (2 Cor. 9:7).

Every time we give sacrificially, we give a little of our selfishness away. And when we give, others are blessed and God is glorified.

When should we give? Give God His portion first. Why? Because we are to give God "the supremacy" in everything (Col. 1:18).

How much should we give? Give liberally. "Whoever sows generously will also reap generously" (2 Cor. 9:6). Since everything belongs to Him, giving Him only a tithe seems so insignificant. It is impossible to place a limit on how much we should give when we are investing in things of eternal value.

Ask God to show you how He wants you to be generous with your time, your talents, and your resources. This kind of obedience is the key to freedom, satisfaction, and contentment.

How should we give? As we are obedient to God, giving our time, talents and financial resources can become a natural expression of our relationship with Him.

Giving is not limited to the check or cash that we place in the church offering plate each Sunday. That is just the beginning.

Giving noncash assets is not limited to the wealthy. Planned or deferred giving is not restricted to those nearing or past retirement age. They are for everyone!

Giving doesn't just happen. Most of us don't give as much as we should because we don't plan our giving. You may need to make some tough financial decisions in order to have the freedom to give more.

You may need to reduce your debt load or opt for a simpler lifestyle. You might need a budget. It will certainly mean having a priority list, planning and keeping records. Remember, you are handling God's money.

If you haven't been tithing, perhaps this will be your first goal. If you are already tithing, ask God to identify the giving level He has in mind for you.

How about giving to family? The Ten Commandments that God gave Moses included the admonition to honor our father and mother. Surely this includes assisting our parents financially when they are in need.

Giving to children is in keeping with scriptural guidelines if we do not interfere with their lives or try to provide a financial buffer for them.

More important than giving money to our children is imparting sound money management principles to them.

Giving From the Heart unlocks the secrets of charitable giving and makes it simpler to make giving your way of life — your lifestyle!

A Godly Steward

God owns it all. David clearly expresses this principle in 1 Chronicles 29: "Yours, O Lord, is… everything that is in the heavens and the earth.… Both riches and honor come from You…and it lies in Your hand to make great and to strengthen everyone" (vv. 11-12). He continues, "O Lord our God, all this abundance that we have provided to build You a house for Your holy name, it is from Your hand, and all is Yours" (v. 16). David knew that God is the source of all things.

Rich Haynie suggests, "Since God owns it all (and He has no lack of resources), He implores us to handle our possessions in a way that edifies the body of Christ, reflects His glory by our trusting obedience to His plan, and gives credit to Him alone. We should dwell less on the amount He has entrusted to us, and be much more concerned about what God wants us to do with the resources He is providing."

Being a steward who is rich toward God. You can make genuinely biblical choices in every area of your life, including giving. Chuck Colson writes, "Our calling as Christians is not only to order our own lives by divine principles, but also to engage the world. Christians see things from an eternal perspective. Everything we do now has eternal significance.

Every decision we make reflects our worldview. Every choice, every action either expresses a false worldview and thus contributes to a disordered and broken world, or expresses God's truth and helps build a world that reflects His created order."

Colson continues: "The redemptive goal permeates everything we do, for there is no invisible line dividing between sacred and secular, even when it comes to money. We are to bring 'all things' under the lordship of Christ." When this happens, Christians give from a blessed heart. Stewards who are rich toward God are an expression of Christians who are conformed to the image of Christ.

Wes Willmer writes, "It is human nature to be like the rich fool in Luke 12:21, who 'lays up treasure for himself and is not rich toward God.'" John Ortberg hit the nail on the head when he wrote, "The object of life, according to Jesus, is breathtakingly simple: Be rich towards God."

Willmer suggests: "Scripture consistently reminds us that if Christ is not first in the use of our money, He is not first in our lives. Our use of possessions demonstrates materially our spiritual status. Is it possible that our checkbooks are a better measure of our spiritual condition than the underlining in our Bibles?"

God may have blessed you with resources that need to be released into God's work. As Brian Kluth suggests, "God is often at work behind the scenes, preparing people to give by pouring significant financial resources into their lives. The Lord wants to use those resources for His glory."

Choose God's eternal Kingdom over the earthly kingdom. "We have a choice of two kingdoms," states Willmer. "So long as we are on this earth, the earthly kingdom will attempt to claim us for its own." Scott Rodin suggests, "In a very real way the kingdom of the world is never built, but it acts like a black hole constantly demanding more with no hope of ever having enough. The irony of the kingdom of the world is that it does not let us stop long enough to enjoy what we have amassed.

The Kingdom of God, on the other hand, beckons us to be transformed to the image of Christ, serving God and others out of love in this world and reigning with Christ to the glory of the Father eternally. When we decide to follow God's eternal Kingdom, we have committed to becoming genuinely generous."

Becoming conformed to Christ's image. "Deciding to follow Christ and to pursue God's eternal Kingdom places our two feet on the path to genuine generosity," states Willmer. "Once we make these decisions, it is possible to progress down the path by conforming to the image of Christ."

Mark Allan Powell explains it this way: "The Bible teaches that generosity is a fruit of God's Holy Spirit (Gal. 5:22-23). The way to become generous people, then, involves not quenching God's spirit (1 Thess. 5:19), but allowing the transforming work of Christ to have its full effect in shaping us to be the people God wants us to be (Rom. 12:2; 2 Cor. 5:17; Gal. 2:20; Phil. 1:6)."

Commit to genuine generosity, as Christ is generous. Michael Foss writes that "[giving] is the call to reflect the heart of God in our discipline of generosity. We have been created in the image of God. That means, in part, that every human being has within herself or himself a need to give."

Craig Blomberg asks: "How can wealth remain a 'good' for our enjoyment rather than leading us further away from God and the priorities of His Kingdom? The recurring answer of both Testaments is through generous giving to others."

Paul even describes the resurrection using gift language: "But God, being rich in mercy, because of the great love with which he loved us, even when we were dead in our trespasses, made us alive together with Christ....For by grace you have been saved through faith. And this is not your own doing, it is the gift of God."

Willmer continues, "As mature Christians, our lives should reflect an ever-deepening understanding of the love and generosity of God. In 1 Peter 4 we are instructed, 'As each has received a gift, use it to serve one another, as good stewards of God's varied grace….' The gifts we have—our time, talent, and money—are given to us as a holy trust, to use as our Master requests.

By yielding control of our resources to God, we become imitators of Christ, implementing generosity in our lives, as Christ Himself is generous."

Author's note: The quotations in this section of the booklet are from *Revolution in Generosity (Transforming Stewards to be Rich Toward God)*, Wesley K. Willmer, General Editor, Moody Publishers, Chicago, 2008.

Your Time and Talents

You are aware of a particular need. You become personally involved because you want to be a part of something that positively affects the lives of others. **Gifts of your time and talents are perhaps the best contributions you can make to your favorite charity.**

The importance of being good stewards of the **time** God has given us is often overlooked. It was Jesus who said, "...As long as it is day, we must do the work of him who sent me. Night is coming, when no one can work" (John 9:4).

Stewardship of time is giving God first priority. In spite of all He had to do, He took time for quiet meditation. He found time to be alone with His heavenly Father.

Stewardship of time means taking time to rest and renew your strength, evaluate your life, and focus on God's will for your life.

And it is setting apart time to be with the ones you love the most here on earth. Do you give adequate time to your family and friends?

God has equipped you with **gifts** and **talents.** Who benefits from them? Are they just used in your working hours—or are they also used for God's Kingdom?

From a secretary to a teacher. From an accountant to a plumber. From a computer programmer to a mechanic. Whatever your gifts and talents, there is a place for you to put them to use for God's Kingdom.

During your working years, there are limits on the time you can donate. But if God favors you with good health in retirement, you may be able to make more of your time available for worthy causes.

The tax impact of giving your time and talents is insignificant in comparison to your acts of stewardship. And so it seems appropriate that there is no charitable deduction for the donation of your time and talents to a charity.

But if you incur out-of-pocket expenses on behalf of a charity, those expenses are deductible as charitable contributions. When claiming a deduction of $250 or more for unreimbursed expenses, you need an acknowledgement from the charity that substantiates the types of services that you performed. The charity does not need to substantiate the details of the expense or the dates on which they were incurred.

Summary: Stewardship of our time and talents for the Kingdom reminds us:

- who He is,
- who we are, and
- what our relationship should be to the time and talents He has given us to manage in His name.

Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously.
2 Corinthians 9:6

Gifts to Family

Gifts of up to the limit determined annually by the IRS can be given free of gift tax every year to as many family members as you want. The limit per gift is doubled if your spouse joins in, even when all the cash or property being given belongs to only one of you. There is no income tax deduction for these gifts, just estate and gift tax savings. But the tax savings are often of secondary importance.

Has there ever been a parent that did not make gifts to their children (or grandchildren)? Probably not. The question is not whether to give gifts to your children, but:

- How much do you give your children?
- How do you make gifts to your children?
- When should you make gifts to your children?

Too often, there seems to be an unwritten expectation that all of your assets will be distributed to your children at your passing. Good stewardship of God-given resources may simply be replaced by tax and financial planning.

Different circumstances dictate different approaches. But thoughtful Christians will consider questions such as:

- How much financial involvement does God want you to have in the lives of your children?
- Will gifts to your children represent good stewardship of God's resources?

- Do your children have the wisdom to care for an inheritance?
- Will gifts to your children have a positive impact on their marriages?
- Will gifts to your children destroy their motivation to work?
- Is it wise to give equal amounts to each child even though one child has more needs than others?
- Is it wise to give equal amounts to each child even though your children do not have equal wisdom to manage an inheritance?

The Bible does not provide specific guidance on gifts to our children. **But our decisions of how much, in what form and when to make gifts to our children deserves prayerful consideration.**

Summary: Gifts to family and friends offer the following advantages:

- The amount determimed annually by the IRS, per donee, can be given free of gift tax.
- By giving appreciated securities, you are not taxed on any appreciation in value.
- More important than tax issues are the questions of how much to give family members and when and how to make the gifts.

Each of you must bring a gift in proportion to the way the Lord your God has blessed you. Deuteronomy 16:17

Outright Gifts

Charities usually prefer to receive outright gifts of cash or other assets that can be used immediately to fund ministry.

Strings attached. A gift must generally be complete and irrevocable to qualify for a charitable deduction. There is usually no gift if the donor leaves "strings attached" that can be pulled later to bring the gift back to the donor or remove it from the control of the donee.

Gifts of cash. You may want to simply make a cash gift to a charity by writing a check (see page 31-32). If you itemize your deductions, you can generally claim a charitable deduction up to 50% of your adjusted gross income.

Gifts of appreciated stock are ideal outright gifts when their current worth is more now than when you acquired them (see pages 14-15).

Gifts of appreciated real estate are often made to charity. You may have two properties of equal value, one with a high basis and one with a low basis. Which property should you donate? A gift of the low-basis asset would generally be the better choice because that gift would shield a greater unrealized gain from taxation (see pages 18-19).

Gifts of variable annuities and Individual Retirement Accounts (IRAs). Variable annuities can't be given away (except to one's spouse) without triggering all the taxes and penalties. IRAs cannot be given away during your lifetime unless the gift qualifies under the IRA rollover rules (see pages 26-27).

Which assets should you give outright? You will generally save tax dollars by giving property that has appreciated in value. Why? Because you can receive an income tax deduction for the market value of your donation without having to pay capital gains taxes on the appreciation.

If an asset you are considering for a gift is worth less now than when you acquired it, you should generally sell the asset, claim the loss on your tax return, and use the proceeds from the sale to fund the gift.

Deductions for gifts of vehicles (automobiles, trucks, boats or aircraft) are generally limited to the amount received by the organization when it sells the vehicle. An exception allows a deduction for the fair market value when the vehicle will be used for several years by the organization. In either case, the receiving organization must provide you with complete documentation of their handling (including the sale price if they sell it).

Summary: Outright gifts:

- Provide the largest possible charitable contribution deduction for income tax purposes.
- Yield immediate benefits to your charitable interests.
- Offer one of the simplest ways to make a charitable gift.

Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver. 2 Corinthians 9:7

Gifts of Securities

Here's something your favorite charity can use more than an old computer—mutual fund shares or individual shares of publicly traded stock.

Let's suppose you are planning to give your charity $2,000. If you are in the 28% tax bracket, your $2,000 gift will reduce your taxes by $560. That is a decent deduction, but you can do better.

Instead of donating $2,000 in cash, what if you use $2,000 worth of mutual fund shares? You have owned the fund for at least one year and a day. It is going nowhere lately, but the share price is still double what you paid for it. You are considering selling and reinvesting.

If you sell the fund shares to make a charitable donation, you will owe taxes on your gains. If you realize $1,000 gain, you will owe 20% taxes, or $200. If you donate the remaining $1,800 to charity, you will get a $504 deduction.

But suppose that you donate your shares to charity. You will get a full $2,000 deduction for the donation. And you will avoid paying capital gains taxes. That amounts to two tax breaks in one.

If you bought your fund through a broker, the process is simple: Call your broker and tell him or her to transfer a specific number of shares to your charity. The broker can handle all the paperwork.

If you bought a no-load mutual fund, you have more work to do. Call the mutual fund company and tell the service representative that you plan to donate shares to charity. Ask for a change-of-ownership form. On the form, tell the fund how many shares you want to transfer.

You will need to get a signature guarantee form from your bank to authorize the transfer. When the fund company reviews the forms, it will transfer your shares to the charity's account. The share price on the day of the transfer determines the amount you can deduct.

Charitable deductions for gifts of appreciated securities held for more than one year are generally limited to 30% of adjusted gross income, although any unused amount can be carried forward for five years.

Summary: Gifts of appreciated securities held for at least one year and a day may be ideal for you because:

- The amount of the gift to charity is the same as if you gave cash.
- Your charitable tax deduction is the same as if you gave cash.
- You will avoid capital gains tax on the appreciation of your stock.

Bring the whole tithe into the storehouse . . . and see if I will not throw open the floodgates of heaven and pour out so much blessing that you will not have room enough for it. Malachi 3:10-11

Gifts of Inventory

Inventory is all property held for sale in the ordinary course of your trade or business. When sold, those assets produce ordinary income for your business. If an inventory item is deducted as a charitable contribution, it cannot be deducted again as part of the cost of sales of the business. Here are the specifics:

✓ **Items in beginning inventory.** A contribution deduction is allowed after reducing the value by the amount of ordinary income your business would have received if you sold the property. Additionally, the item is excluded from cost of goods sold for the year of contribution.

✓ **Items acquired in the year of contribution.** No contribution deduction is allowed and the cost of the item is deducted as part of cost of goods sold.

When corporations donate inventory that is used by the charity for the ill, needy or minors, the deduction is limited to the lower of the donated property's basis plus half of the appreciation or twice the property's basis.

Summary: Donations of inventory are:

- Generally deductible at cost.
- Not eligible for a double deduction.

From everyone who has been given much, much will be demanded; and from the one who has been entrusted with much, much more will be asked. Luke 12:48

Gifts of Life Insurance

Jim had a life insurance policy that was purchased to cover his son's college education if Jim were to die prematurely. His son graduated from college 15 years ago and the policy is no longer needed. Here are Jim's charitable donation options:

✓ **For a policy that is not paid up,** the charitable deduction is generally slightly higher than the policy's cash surrender value.

✓ **If the policy is paid up,** the deduction is limited to the present cost of a comparable policy if you went out now and bought one.

✓ **If you make annual premium payments** on a donated policy, the premiums are deductible.

✓ **If you assign a policy's dividends** to a charity, you can deduct the dividend payments as charitable contributions.

✓ **If you donate a term life insurance policy,** you can deduct the premium payments.

Summary: Gifts of life insurance:

- Are easy to make.
- May generate a charitable tax deduction.
- May not disturb other assets or cause a loss of income.

A gift opens the way for the giver and ushers him into the presence of the great. Proverbs 18:16

Gifts of Real Estate

Here are the ways you can donate real estate:

✓ **Outright gift.** This is the simplest form of transferring real estate. If the property has been held for over 12 months, a gift to charity entitles you to an income tax deduction for the full market value. The deduction is generally limited to 30% of your adjusted gross income. There is also a five-year, carry-over period for any excess which exceeds the 30% ceiling.

Gifts of property held one year or less are only deductible for the property's cost basis. These gifts are deductible up to 50% of your adjusted gross income.

✓ **Bargain sale.** A bargain sale is part sale and part gift. If you want to make a contribution to charity using real estate but, at the same time, you would like some immediate cash from the transaction, you can sell the property to the charity in a bargain sale.

✓ **Life estate.** You can contribute a personal residence or farm to charity and continue to occupy the property until death. You qualify for a current income tax deduction for the property's discounted value and continue to enjoy the use of the property. For more information, see pages 20-21.

✓ **Gift annuity.** If you want income flow, you can donate your real estate to fund a gift annuity. In addition to making a substantial gift to charity, you can avoid capital gains tax, receive a current income tax deduction, and receive a guaranteed annuity payment for life—part of which is tax-free. The annuity payments start even if the real estate has not yet been sold by the charity. For more information, see pages 26-27.

✓ **Charitable remainder unitrust.** You may donate real estate to fund a charitable gift unitrust. While there are many similarities to a gift annuity, the unitrust differs in that you receive income flow once the property is converted to income-producing investments. Also, your payments are based on the value of the trust. If the trust increases in value, your payments increase and so on. For more information, see pages 22-23.

Summary: Gifts of real estate provide the following benefits:

- You avoid capital gains tax on the appreciated value of your property.
- Your charitable tax deduction is the same as if you gave cash.
- You have avoided tax on the appreciation of your real estate.

Do not store up for yourselves treasures on earth, where moth and rust destroy, and where thieves break in and steal. But store up for yourselves treasures in heaven, where moth and rust do not destroy, and where thieves do not break in and steal. Matthew 6:19-20

Giving a Life Estate

Bob and Susan are in their early 70s and own a home that is not mortgaged. They would like to live in the home as long as their health allows. But **they are willing to transfer ownership of the house now on the condition that they could continue living there for their lifetime.**

If they decide to vacate the property, it can be rented to generate income for them. Or, they can contribute the remaining life estate to the charity at that time. The transfer of property can also be made for a term of years. After the period ends, the property belongs to the charity outright.

So, they decide to make an irrevocable gift of their property now. They enjoy a substantial income tax deduction based on the discounted value of the property. They avoid all capital gains taxes on the property's appreciation. The deduction is limited to 30% of adjusted gross income, although any unused amount can be carried forward for five years.

The tax savings can be invested to produce additional income. There also could be a saving of estate taxes and probate costs in the future.

Bob and Susan are willing to accept responsibility for paying property taxes and insurance premiums while they live in the house. They will also maintain the property and pay utility and other bills as they did before the gift was made. This type of gift does not require a trust document—only a simple deed.

The irrevocable nature of the gift is acceptable to Bob and Susan. They realize that they cannot draw on their equity in the property in the event of an unexpected cash need after the gift is made.

The life estate property does not have to be your primary residence. It can be a vacation home, farm, condominium or other residential property that is held at least a year and a day. But a life estate does not apply to commercial real estate or investment property. The property should not be mortgaged or the bargain sale rules come into play (see page 18).

Summary: By giving a remainder interest in a personal residence such as a home, condominium or a farm that is held over one year, through a life estate the donor can:

- Have the satisfaction of making a major gift to your favorite charity during your lifetime.
- Receive a current income tax deduction for the property's discounted value.
- Continue to enjoy the use of the property.

Take some of the first fruits of all that you produce from the soil of the land the Lord your God is giving you and put them in a basket. . . . Place the basket before the Lord your God and bow down before him. Deuteronomy 26:2, 10

Giving Through Charitable Remainder Trusts

David and Cathy own several sections of land that produce very little income. The property is debt-free. If they sold the property, they would owe a huge capital gains tax. They would like to have a diversified source of income for their lifetime but do not want to sell the property and incur the capital gains tax.

A charitable remainder trust seemed to be the perfect solution for them. To set up a charitable remainder trust, the donor places either cash or certain assets—such as publicly traded securities or unmortgaged real estate—in a trust that will ultimately benefit the charity or charities of his or her choosing, usually after the donor's death. Generally, a designated trustee can sell the assets used to fund the trust and reinvest the proceeds without triggering capital gains taxes.

The donor collects payments from the trust. And the donor also gets an immediate income-tax deduction, the size of which depends on how much the charity receives down the road—a figure determined by an IRS formula. Finally, **at the donor's death or the end of a specified term**—up to 20 years—**the charity receives whatever is left in the trust.**

There are two types of charitable remainder trusts: unitrusts and annuity trusts. With a **unitrust,** your income varies. You receive payments each year, determined by multiplying a fixed percentage that you choose (say 7%) by the fair market value of the trust's assets as valued each year. As your investments grow, so does your income; but if your investments decrease in value, your payout does, also.

With the **annuity trust,** your income remains constant because it is based on a fixed percentage of the initial fair market value of the assets funding the trust.

You can fund a trust by donating a variety of assets: closely held stock, real estate, art, or even payments from retirement plans. If it is a unitrust, you can add assets at any time. It is also possible to designate multiple beneficiaries and to change those beneficiaries at any time during the course of the trust.

Summary: By setting up a charitable remainder trust, you can:

- Turn highly appreciated assets into a diversified source of income without selling them and paying the capital gains tax.
- Receive an immediate income tax deduction.
- Collect payments from the trust for life or for a specified term.

On the first day of every week, each one of you should set aside a sum of money in keeping with his income, saving it up, so that when I come no collections will have to be made.
1 Corinthians 16:2

Giving Through Your Will

Since everyone knows the importance of preparing a will, why have so many people never written one? The cost of having a simple will prepared is relatively low. The time commitment also is not great—perhaps an hour with yourself and the same with a lawyer.

So, why don't most people have wills? Probably because they don't think they need one because they are not wealthy. Others have difficulty facing their own demise—but surely this is not an excuse for the Christian. Because of our steward-manager role in handling God's money, we should be models of preparing and maintaining our wills.

Your bequest may provide for a specific dollar amount in cash, specific securities, specific articles of tangible personal property, or a percentage of the residue of the estate.

Bequests may be given as unrestricted or restricted gifts. Unrestricted bequests are used for general purposes and can be applied to current needs. A restricted bequest supports a certain purpose or program designated by the donor.

Donors may also establish, by will, a charitable remainder trust (see pages 22-23). The bequest can be arranged so as to provide a life income for a designated beneficiary.

If you do have a will—congratulations! You are ahead of many people. But you may need a revision to your will if your personal circumstances have changed.

If you don't have a will—the state will provide an estate plan if you don't provide one of your own. Your close relatives will share in your estate—but it may not be the way you would have wanted.

When a Christian dies without a valid will or other legal estate planning instrument, it leaves important decisions to a secular judicial system. While you would not do this by choice, it is done by default if you do not make the proper plans and preparation.

What is the most common problem with estate planning? Failure to make a plan that accomplishes one's objectives. Through a lack of information or having the wrong information, many people make provisions that do something totally different from what they really wanted.

Summary: Through a properly written will, you can:

- Direct the distribution of your assets to those you care about most.
- Choose who will manage your assets after your death.
- Save estate taxes by using proper estate planning techniques.
- Make a gift to your favorite charities.

Give, and it will be given to you. A good measure, pressed down, shaken together and running over, will be poured into your lap. For with the measure you use, it will be measured to you. Luke 6:38

Giving Through Charitable Gift Annuities

Frank chose a gift annuity because it is simple. He is 70 years old and he places $10,000 in a gift annuity. He can take a current-year tax deduction of $3,396. He receives an annual guaranteed income of $670 (recommended rate), of which 63.6 percent will be a tax-free return of principal.

It is an agreement between an individual and a charity. The donor transfers assets to a charity and receives fixed payments, a lifetime annuity, for the rest of his or her lifetime and/or the lifetime of another person, if desired. The amount of the fixed payments is based on your life expectancy—the older you are, the higher the payment. Annuity payments can start right away or after you retire.

The gift annuity meets the needs of many who wish to give but want to make certain they have first provided for their financial needs and those of their loved ones. When you are gone, the annuity principal goes on ministering in your name with your chosen charity.

Since a portion of your gift will be used for charitable purposes, the annuity saves you income tax dollars because you receive a sizeable deduction for establishing the agreement. Part of each payment is tax-free for a period of years as well.

One of the attractive features of the gift annuity is that you cannot outlive its benefits. The charity is obligated to make payments for as long as a recipient of payments lives.

When annuity payments are made for the lives of two persons, their combined life expectancies is typically longer than one person's life expectancy. For example, a two-life annuity might call for payments to you for life and then to your spouse for life. Therefore, the rate of payment will be somewhat lower than if the payments are only made for your life.

If you fund a gift annuity with appreciated securities, your capital gain is generally not all reportable in the year of the transfer for the gift annuity. And the amount of the capital gain is smaller than it would be if the securities were sold.

Your gift annuity will not be part of your estate, thus avoiding estate taxes and probate costs. Some estate tax may be due if payments are made to a survivor other than a spouse.

Summary: A gift annuity offers you a way to further causes in which you believe while benefiting from:

- Lifetime payments
- Management of assets
- Tax savings
- Favorable treatment of capital gains

Command them to do good, to be rich in good deeds, and to be generous and willing to share. In this way they will lay up treasure for themselves as a firm foundation for the coming age. 1 Timothy 6:18-19

Giving Through Revocable Living Trusts

A revocable living trust allows you to get the paperwork ready for gifts to your favorite charities. **The trust is *revocable* because you are able to change your mind if your circumstances or attitudes change and *living* because you create the trust while you are alive.**

A living will is a written instruction that tells doctors whether you want extreme measures taken to keep you alive during a terminal illness.

A revocable living trust is an alternative to a will and relates to your financial affairs.

Even if you have a will, some or all of your assets must go through a court procedure called probate. The court determines if your will is valid. Your property is inventoried and appraised, and your creditors are paid. When all these conditions are met, your estate may be distributed to your heirs.

A revocable living trust allows you to carry probate avoidance to the highest level. You give your assets to a trust so the assets are out of your name. The trust snaps shut at the instant of your death, and essentially you die owning little or no probate property.

Not everyone should worry about probate. Depending on the size of your estate, the state laws where you reside, and other factors, probate may be the best alternative. If a competent family member is executor of your estate, and is working with a skilled and honest lawyer, the difficulties of the probate process can be kept to a minimum.

Contrary to popular belief, a revocable living trust does not avoid inheritance or federal estate taxes. Nothing can be done through a revocable living trust to save taxes that can't be done with a properly drafted will.

Who should consider using a revocable living trust? **Anyone who has any substantial amount of assets should at least consider it.** It may make the most sense for people who own property in several states, elderly single people whose children or heirs do not live nearby, and those whose children may disagree over the estate distribution.

If you are not certain whether you need a living trust, seek out an attorney to answer your questions. Probate avoidance is not lawyer avoidance.

Summary: A revocable living trust can provide:

- Probate cost savings
- Added flexibility and control of your assets
- Time savings

Honor the Lord with your wealth, with the firstfruits of all your crops; then your barns will be filled to overflowing, and your vats will brim over with new wine.
Proverbs 3:9-10

Giving Through Donor Advised Funds

A donor advised fund (DAF) is a charitable giving program that allows you to combine favorable tax benefits with the flexibility to support your favorite charities at any time.

To participate, you establish a DAF account, with a charity that offers this service, by making tax-deductible contributions to the program. Your contributions are invested and can grow over time. You can recommend—immediately and over time—grant distributions from your account to support public charities of your choice.

You can often name friends, family members, or trusted professionals as advisors to the account. In this way, you can also establish a legacy of giving by naming successors who can carry on your tradition of charitable giving in the future.

Here's how a DAF works:

- **You realize immediate tax deductions.** Your donations to the DAF are fully deductible (up to allowable IRS limits) in the tax year they're made. Contributions beyond the IRS limit may be carried over to the next year. All donations are irrevocable.
- **You avoid capital gains taxes on long-term appreciated securities.** When you donate appreciated marketable securities to a DAF, you pay no capital gains taxes.

Whoever can be trusted with very little can also be trusted with much . . . Luke 16:10

When Your Gifts Are Deductible

A charitable contribution is deductible for income tax purposes when it is actually paid, and payment generally occurs when the gift property is delivered to the charity. But there are exceptions to this rule:

Check. A contribution made by check is effective for income tax purposes when the check is unconditionally delivered or mailed, as long as it subsequently clears your bank in due course.

Securities. If mailed, the gift is completed on the date of mailing. If hand delivered or delivered in another manner, the gift is completed upon the date of your unconditional delivery of a properly endorsed certificate to the charity or the charity's agent. If delivered to your bank or broker as the donor's agent or to the issuing corporation or its agent with instructions to reissue the securities in the charity's name, the gift is completed on the date the new securities certificate is issued with the charity's name.

Real Estate. A charitable gift of real estate is generally effective at the time you deliver a properly executed deed to the charity.

Pledge. Your pledge of a gift to a charity, even if legally enforceable, is not deductible until you satisfy the pledge through payment of cash or other property.

Credit Card. A contribution charged to a bank credit card is deductible by you in the year the charge is made, even if payment of the charge is made in a subsequent year.

Your Charitable Deduction Limitations and Proving Your Deductions

Certain limitations on charitable contribution deductions are imposed by the income tax rules. In some instances, the amount of the charitable contribution may not be fully deductible in the year you make the gift.

Gifts of money. These gifts are deductible up to 50% of your adjusted gross income. Any excess is carried over for five succeeding years.

Gifts of securities and real estate held long-term. These gifts are deductible at their full fair market value, with no tax on the appreciation. These gifts are generally deductible up to 30% of your adjusted gross income. Any excess is carried over for five succeeding years.

Gifts of securities and real estate held short-term. These gifts are deductible at their cost basis or full fair market value, whichever is lower. These gifts are deductible up to 50% of your adjusted gross income. Any excess is carried over for five succeeding years.

Proving the value of your donations. Timely receipts are required for single contributions of $250 or more. For cash gifts, a receipt, or bank/credit card record is required.

Appraisals are needed for property worth more than $5,000 or $10,000 for closely held stocks. Form 8283 must be filed for noncash gifts of more than $500.

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GIVING
from the
HEART

"Christian giving glorifies the Father, imitates the love and sacrifice of our Lord Jesus Christ, and reflects the work of the Spirit our lives. It is God's design and desire for each and every disciple."
Gary G. Hoag, ECFA International Liaison, Author, and Professor

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"Giving is not what you do after you straighten out your finances. Giving is what you do when you straighten out your heart."
Jeff Anderson, Acceptable Gift

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"God can have our money and not have our hearts, but he cannot have our hearts without having our money."
R. Kent Hughes, College Church, Wheaton, IL

....

"God prospers me not to raise my standard of living, but to raise my standard of giving."
Randy Alcorn, Eternal Perspective Ministries

....

"We don't become generous overnight. We need to develop practices in our lives to train us to be more openhanded and charitable with our finances."
Andy Stanley, North Point Community Church