

Creative Ways to Give

MAKING A GIFT GREATER
THAN YOU IMAGINED COSTS
LESS THAN EXPECTED



IRA – RETIREMENT PLAN

Are you 70 ½ or older? You can use your qualified retirement plan to give.

SCENARIO

Betty is in her early 70s and wants to make a significant gift to Peace UCC. She has accumulated \$800,000 in her qualified retirement plan, and must now take the required minimum distributions despite the fact that she doesn't currently need the entirety of her RMD to support her lifestyle.

OUTCOME

Betty requests a \$25,000 qualified charitable distribution (QCD) from her IRA and directs it to her congregation, avoiding the payment of income tax on this portion of her withdrawal. She also names Peace United Church of Christ as the death beneficiary of the remaining retirement funds, leaving other assets with lesser tax consequences to heirs.



STOCK

Do you have appreciated stock? Make a larger gift than you might imagine with your appreciated stock.

SCENARIO

Rose and Mary Smith are in their late 50s with two young adult children who they've already put through college. They both want to make a significant gift to the **Preparing the Way** Campaign.

OUTCOME

Rose and Mary decide to gift \$10,000 of appreciated stock to Peace. Since the stock was inherited at cost basis of \$4,000, the Smiths will avoid paying \$900 in taxes on the \$6,000 of capital gains. The Smiths also qualify for a charitable tax deduction and have an income tax savings of \$2,800. After both tax benefits, the net cost of the gift to the Smiths is only \$6,300.



TAX DEDUCTIONS

Do you itemize your tax return? Increase your gift impact without increasing your gift amount when you itemize your tax deductions.

SCENARIO

James is in his 40s with two school-age children, and he wants to make his best gift from his regular income to Peace United Church of Christ. Before taking a closer look, he's imagining a one-time gift of \$7,500.

OUTCOME

James consults with his accountant and confirms that a larger gift will make him eligible to itemize his deductions this year. He decides instead to give a \$10,000 gift, take the charitable income tax deduction, and at his income tax rate, the net cost of the gift to him will be only \$7,200.



CD – CERTIFICATE OF DEPOSIT

Do you have accounts you are not utilizing? Replace or even increase your income with certain gifts.

SCENARIO

Bob and Dorothy Johnson are both 79 years old. They want to make a significant gift to Peace, but would like to avoid reducing their current income. They have a \$50,000 CD maturing, and though they've never needed the principal, they like the idea of receiving a guaranteed income. If renewed at the current 1% rate for another 24 months, they'll receive \$500. However, if they gift the \$50,000:

OUTCOME #1

\$25,000 could establish a charitable gift annuity that, at their respective ages, provides a guaranteed, fixed payment for both lives of 6% or \$1,500 per year – 3 times the CD return. They can take a charitable income tax deduction for their gift, and receive a portion of the annuity's income tax free. After the second death, the church receives the charitable gift annuity's remainder value.

OUTCOME #2

\$25,000 could be given as their response to the *Preparing the Way* appeal, and they are eligible for a charitable deduction, effectively reducing the gift's costs.



MAKING THE MOST OF CASH GIFTS

Practical ways to stretch your budget to make room for a gift to the campaign:

INTENTIONAL SPENDING

As we become more aware of our spending each week, we can choose to minimize expenses. Consider the following:

Starbucks: \$6.25

Skip one a week for three years and make a pledge of \$912

Vacation: \$3,000

Skip a trip and make a pledge of \$3,000

Lunch out: \$15.00

Brown bag it twice a week for three years and make a pledge of \$4,680

PRIORITY BUDGETING

This involves postponing a planned expenditure such as a new car, sailboat, vacation home, and applying the same monthly payments toward the capital campaign.

RE-CHANNELING A PRESENT EXPENDITURE

Many families learn to budget their money for short-term heavy expenditures, for example while their children attend college. The same philosophy applies when budgeting money to support a campaign.

UNEXPECTED CASH

A tax refund or portion of an inheritance are examples of gifts of unexpected cash.

INCREASES IN INCOME

Many people have incremental salary increases or bonuses they include as part of their gift.

EXTRA WORK

One person postponed his retirement and gave away a portion of the income. Another worked a seasonal job and donated what she earned.

For professional guidance on choosing the best way to make your gift, please consult your financial advisor or accountant.