

For Generations to Come

Giving Options

As you consider your upcoming contribution to Trinity Lutheran Church's "For Generations to Come" capital campaign, we pray the Holy Spirit will guide you. To assist you, we have compiled a few items that may have relevance in making your decision. While we realize your contribution will not be motivated by potential income tax deductions, included below are some specific gifting strategies based on federal income tax law that might make your contribution go farther.

One-Time and Three Year Pledges

If not obvious, a single, large, up-front contribution will have the most impact on the campaign as the amount is certain and immediately available. For those who cannot afford to make such a contribution, a commitment to regularly (weekly or monthly) contribute to the campaign over a three-year period may be a better choice. You may also wish to consider a combination of the two – an initial gift followed by regular giving for three years. It is important that you do not decrease your normal gifting to Trinity in an effort to shift funds to the campaign.

Appreciated Stock

If you have stock (or other investments) outside of a retirement account (regular investment brokerage account or stock certificates in your lock box), and you have owned it for over one year, there is a tax-advantaged way to make the value of that stock go farther. If you simply sell it to free up cash to make a contribution to the campaign, you will likely have to pay income tax on the gain. But, if you transfer the appreciated stock directly to Trinity, you will not have a gain to report on your tax return and you may be able to get a tax deduction for the full value of the donated stock.

Qualified Charitable Distributions

Individuals who are at least 70 ½ years old on the date of distribution may have up to \$100,000 per year sent directly from their IRA custodian to a qualified charity. These qualified charitable distributions (QCDs) apply only to IRA accounts and to no other type of retirement account. Any such direct distributions are NOT deductible as charitable contributions, BUT the distribution from your IRA is also not taxable. This is advantageous for folks who either do not itemize or whose itemized deductions are otherwise limited due to their high income. Note also that making this type of contribution can also serve to reduce the cost of Medicare Part A and B premiums. And, in some cases, QDCs can lower your income tax by reducing the amount of taxable Social Security benefits.

Anonymous Gifts

Sometimes an individual who is considering making a major contribution wishes to do so and remain completely anonymous. They could simply have their bank issue a cashier check payable to the church and quietly mail it, but in doing so, they would lose the opportunity to claim the contribution as a charitable deduction on their tax return. That is because the IRS requires "contemporaneous written acknowledgement" of contributions in an amount over \$250. By sending the contribution to the custodian of Trinity's endowment fund with appropriate instructions, the required gift acknowledgement can be received while maintaining complete anonymity.

IRS Limits

For those who do itemize deductions, the tax code does limit the amount that can be claimed as a charitable deduction in any given year. That limit is generally 50% of adjusted gross income (AGI), but is 30% for donations of capital gain property (like appreciated stock held over 1 year). However, if your contribution does exceed those AGI limits, you may carry any excess forward for up to five years.

Some of the above tax-related gifting strategies are rather straight forward while others are a bit more complex. Dan Gerber, CPA, has offered to discuss any of these options with any Trinity members who have questions about them or how they may affect the preparation of their personal income tax return. He may be contacted at 903-597-1188 or gerber.cpa@suddenlink.net. Dan, Leah Weatherly, or Bill Rumsch can provide you with documents to instruct you on how to transfer stock, as well as a sample cover letter, if you wish to make a significant anonymous contribution.

May God bless you as you prayerfully consider your contribution.