



GENERATIONS

For the Gospel. For the City. For the World.

**GIVING
OPTIONS**

IBCLR.ORG/GIVE

MAXIMIZING THE IMPACT OF YOUR GIFTS

As we pray and seek the Lord's guidance in how and to what extent God would want us to be involved in our current Generations Capital Improvements project, there are considerations and opportunities that might affect our decision. While the purpose of this brochure is not to provide tax or legal advice, the following information is presented to educate and encourage our members to carefully and prayerfully consider their part in our current task.

There are three basic ways to give: **(1) Current Gifts**, **(2) Delayed Gifts**, and **(3) Future Gifts**. Let's explore these three areas of giving.

CURRENT GIFTS

- The most common current gift is CASH given by currency, check, credit card, or EFT (electronic fund transfers from your bank account). For online options check our website (www.ibclr.org/give). Currently cash gifts can be deducted up to 60% of the taxpayer's adjusted gross income (AGI) in a given year, with any excess not used carried over to be used in one or more of the next five years.
- From a tax standpoint, a more tax-efficient gift may be the gift of an **APPRECIATED ASSET**. The most common type of appreciated asset would be stock or mutual funds. Let's assume you purchased Walmart stock (WMT) for \$5,000. Today that stock might be worth \$25,000. If you give the church the shares of stock (rather than cash), you realize the full value of the stock without having to pay income tax on the gain. You can also repurchase the stock immediately if desired. (If you wanted to own the same \$25,000 of Walmart stock, you could purchase that amount and your cost basis would now be \$25,000, not \$5000.) It is important to note you must have held the asset for at least one year before this result is possible.

EXAMPLE: A donor, who is in the 24% tax bracket, owns stock with a fair market value (“FMV”) of \$25,000 that he purchased for \$5,000 several years ago. She is considering making a gift to the church and is undecided whether to (1) sell the stock, pay the capital-gains tax and contribute the proceeds, (2) contribute the stock, or (3) make a gift of \$25,000 cash. Compare the gifts:

| | (1) Sale of Stock | (2) Stock gift | (3) Cash Gift |
|---------------------------------|-------------------|----------------|---------------|
| ASSET’S FMV | \$25,000 | \$25,000 | \$25,000 |
| Cost Basis | \$5,000 | \$5,000 | \$25,000 |
| Capital Gain | \$20,000 | \$20,000 | N/A |
| (Capital Gains Tax) or Savings* | \$3,600 | \$3,600 | N/A |
| Gift Amount (deduction) | \$21,400 | \$25,000 | \$25,000 |
| Charitable Deduction Savings | \$5,136 | \$6,000 | \$6,000 |
| NET COST OF GIFT TO DONOR | \$19,864 | \$15,400 | \$19,000 |

**Using an effective combined federal and state tax rate of 18%*

Bottom line – The gift of appreciated stock may be a way to give more at a lower cost to the donor.

- For more information on giving **publicly-traded stock** so that there is no commission deducted for selling the stock, go to (www.abf.org/resources) and click on Stock Gifting Instructions and Form. Be sure to list **Immanuel Baptist Church, Little Rock, for the GENERATIONS campaign.**

- **Real estate** is another powerful asset for giving. You might give the church an appreciated vacant lot or farm, or a second residence you no longer use nor want to maintain. Contact the church for more information on the steps needed to make a gift of real estate.
- **Closely-held stock** (i.e., in a family corporation) requires a little more work. Contact the church or the Arkansas Baptist Foundation for help in making such a transfer.
- **TANGIBLE PERSONAL PROPERTY** is another potential gift. You can give works of art, rare books, stamp and coin collections, vehicles, etc. Special limitations apply to tangible personal property.
- An **IRA** can be powerful tool for making a significant gift. If you are over 59½, you can withdraw a portion of your IRA without penalty and give that portion to the church. You will be taxed on the amount as income but will receive a full charitable itemized deduction for the gift, subject to the 60% AGI limitation.
- If you are 70½ or older, you have a special opportunity. A permanent part of our tax code now allows someone 70½ or older to make a “**Qualified Charitable Distribution**” or “**QCD**” from an IRA directly to a public charity like our church. The amount has to be \$100,000 or less per person per year, and any such distribution satisfies the “Required Minimum Distributions” from the IRA. The gift must be sent directly to the charity by the custodian. A QCD is not reported as income and it is not a charitable deduction. However, it can save the taxpayer in a number of ways. For example, a non-itemizer uses the standard deduction and doesn’t report this QCD amount as income. By lowering the taxpayer’s Adjusted Gross Income or AGI, this can make social security less taxable, it may prevent a Medicare surcharge, and the limitations on charitable gifts can be avoided. For many donors, this is a powerful tool to make a significant gift! Essentially, a QCD allows you to direct

a distribution from your IRA without having to pay the tax on that distribution for the purpose it was originally intended. If your retirement funds are inside a 401(k) or other such account, then you would need to move the desired gifting amount out to an IRA before the QCD becomes an option. Call the church if you need assistance in this matter.

- Some donors have **LIFE INSURANCE POLICIES** which are no longer needed. The policy could be donated to the church. The church could then cash out the policy or choose to keep the policy in force. The donor would receive a charitable income tax deduction for the current cash value of the policy.
- An **INTEREST-FREE LOAN** is another way to give. A donor can establish an arrangement with Immanuel to allow the use of up to \$250,000 for a specified period of time. There is no imputed income to the donor, nor is there any charitable deduction. This simply saves the church costly interest charges and allows the funds to be repaid by the church to the donor after the term expires.
- **CHARITABLE LEAD TRUSTS** provide a vehicle to allow current gifts to charities from a trust while returning the trust assets back to the donor or to family members after a stated term. This is a more sophisticated tool for those with available assets and a desire to use them in this way.

DELAYED GIFTS

While the emphasis in our **GENERATIONS** campaign is on current gifts, we want our members to be aware of other giving opportunities as well. A life-payment plan allows you to make a contribution to Immanuel while still providing for your personal financial needs. There are several types of life-income plans, all of which combine a stream of payments for a stated term or for lifetime(s) with an ultimate gift to Immanuel. Life income gifts are attractive because they offer substantial tax benefits and may increase cash flow to you and/or another beneficiary.

A **GIFT ANNUITY** is a contract with a charity to pay you and your spouse (or any other two beneficiaries) a set annuity in exchange for a transfer of cash or other assets. Rates are set by the American Council on Gift Annuities. Such a gift provides an immediate partial charitable income tax deduction which might allow you to make a current donation of the tax savings.

A **CHARITABLE REMAINDER TRUST** is a special tax-exempt trust which allows the sale of a business or other appreciated assets without tax liability. Then the beneficiary or beneficiaries receive a steady income for a stated term of up to twenty years or for their lifetimes. The payout rate must be at least 5% and there must be a present interest value charitable gift of at least 10% of the gift amount. For example, John and Betty Baptist set up a 6% Charitable Remainder Uni-Trust for their lifetimes. Each year the assets will be revalued and 6% of the market value will be paid out over the next year. In the year of the gift, they received a large charitable deduction (far more than the required 10%) which will save them income tax for up to six years. The full amount of their gift without any tax shrinkage is invested to create the desired income. If they use an appreciated asset like their own company stock or publicly-traded stock or a mutual fund, then the asset would be sold inside the trust without any tax liability. Payments to the couple will be taxable in a four-tier arrangement. At the end of their lifetimes, the remaining balance of the trust would be paid to our church (or other charities as chosen by the couple).

A **LIFE ESTATE** arrangement allows you (or someone of your choice) to continue living in your home or other property. At death, then the property would be immediately given to Immanuel (or other charity of your choice). Since you would be irrevocably giving away the remainder interest of your home, you would receive an immediate income tax deduction for a gift that doesn't actually occur until you die. Since this involves giving away your home (eventually), we recommend this only for older folks who have prayerfully and thoughtfully considered this gift.

FUTURE GIFTS

If you need to retain your assets during your lifetime, but would like to make a substantial gift to Immanuel, you might want to consider a gift in your estate plan. Since these gifts are typically revocable, there is no charitable contribution deduction for income tax purposes, but these gifts do offer estate-tax benefits.

- **BEQUEST GIFTS** can be made by stating in your Will or revocable trust that you give ___% (or \$_____) to Immanuel Baptist Church, Little Rock, Arkansas, at your death.
- A simpler way to make such a gift is to name the church the **BENEFICIARY** of your bank or brokerage account, retirement account, life insurance policy, or real estate (by beneficiary deed).
- One of the most powerful tools from a tax standpoint is to name Immanuel the beneficiary of retirement accounts (Traditional IRA, SIMPLE, 401(k), 403(b), etc.) If you leave these accounts to your family, they will owe tax on any distributions at their highest marginal tax rate. Additionally, there is a strongly supported proposal in Congress currently to require payouts from such accounts to non-spouses over only five years (not over life expectancies as currently). By giving the retirement account or a portion of it to charity, that portion would not be taxed at all. In other words, if you were leaving a portion of your estate to your children and a portion to charity, the best asset to use for the charity portion is a retirement account which would be taxable to your children. Give them the other assets that would not be taxable at all.
- Another possibility is to establish a **Charitable Remainder Trust** upon your death which would provide income to your children for their lifetimes or a term of years (not exceeding twenty). If this trust is funded with your retirement accounts (not ROTH accounts), then the assets can be professionally managed, children can receive a steady income in addition to their social security, and all the required minimum distribution or forced payout rules are eliminated from consideration.

FOR MORE INFORMATION

This brochure is intended to simply stimulate thinking about the best way or ways to make gifts to our capital campaign. Our goal is to help you realize the greatest personal and financial satisfaction from your gifts to Immanuel. While the Church and the staff are not engaged in rendering legal or tax services, this information is provided for educational purposes only and may vary in application according to your individual situation. You should consult your tax advisor when considering various gifts. The staff at Immanuel or at the Arkansas Baptist Foundation (our Baptist State Convention's trust agency) will be delighted to work with you and your advisors in arranging the gift that best suits your objectives. Any information you share will be kept confidential unless you request otherwise.

PUSHPAY

Your generosity and partnership with the church is one way that we join together to expand the Kingdom of God and we are so thankful for a church family that is obedient through giving. Our PushPay giving platform is so simple and allows you to easily give a one-time gift or set up a recurring gift on your smartphone or tablet or computer anytime and anywhere. There are 4 simple ways you can give. You can, of course, still give cash or checks during services. Or give electronically through PushPay via our website, on our app or through text to give. For more information visit ibclr.org/give.



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