

CREATIVE CHURCH STEWARDSHIP

A GUIDE TO TAX SAVINGS THROUGH PLANNED GIVING

There are probably many good reasons we choose to devote time and financial response to our church. Some of us give in recognition and appreciation of the fact that everything we have is a gift from God.

Other contributions are provided and dedicated for God's service to those in need. Still others may give as a practical matter, making it possible for the church to pay its bills and carry out its mission in Christ's name.

Regardless of the motivation, it is important to recognize that our tax laws encourage charitable giving. While we will never "make" money by contributing to the church, we may be able to "save" money.

GIFTS OF CASH

Cash is the most common gift the church receives and is fully deductible up to 50% of your adjusted gross income. If you itemize your tax return, your gift should result in a tax savings.

The higher your tax bracket, the lower the out-of-pocket cost of your gift.

It is important to note that because of capital gains considerations, the donor of a substantial amount of cash may be better-off making the gift from other non-cash properties.

SECURITIES

One of the best ways to support your church is through a gift of appreciated securities. To take advantage of the tax savings, your gift must consist of the securities themselves – not the proceeds of their sale.

A donation of securities offers a two-fold tax savings. First, you pay no capital gains tax on the increase in value of the stock since its purchase. Second, you can deduct the value of the stock at the time of the gift with a five-year carry over provision.

BEQUESTS

Bequests are perhaps the most common form of planned giving, and the Sidney United Methodist Church can be named as beneficiary in your will in one of several ways.

A specific sum or a percentage of the estate may be specified in a will, or the church could also be

named as a remainder beneficiary after specific amounts have been paid to individual heirs.

You should know that it is not necessary to rewrite a will in order to bequest a gift to the church. You can easily add to an existing will through an amendment called a codicil.

A bequest may make possible tax savings on your estate, so a bequest can be beneficial to both your estate as well as to the church.

REAL ESTATE

With the recent increase in land prices in some areas, many potential donors own highly appreciated properties that represent valuable non-liquid assets. As a result, donations of real estate are the fastest-growing type of planned giving in the country today.

If a residence, summer home, farm or other property has appreciated in value so much that its sale would result in a burdensome capital gains tax, it can be given to the church in one of several ways.

The property can be given outright to avoid the capital gains tax and to realize a charitable deduction.

The donor may also give the property to the church with the understanding that it will be sold, the money invested and a lifetime income guaranteed to the donor or his/her heirs.

There are other creative ways to donate real estate to the church which can insure the future of the church and provide substantial tax advantages to the donor. If you would like more information, please contact Ron Salyer of United Methodist Frontier Foundation @ 888-696-6922 ext. 238.

LIFE INSURANCE

If you own a life insurance policy that is no longer needed, you can name the church as the sole owner and beneficiary of that policy and immediately deduct the policy's cash surrender value or cost – whichever is lower.

If you continue to pay the premiums on the policy, the amount of the premiums will be deductible each year.

Life Insurance Plans

Many donors would like to make a sizable charitable gift now, but they need the income earned by their capital. A gift made through an annuity trust can provide you or another beneficiary a guaranteed annual income, in the amount agreed

upon at the time the gift is established.

In addition, you can take an income tax deduction at the time the gift is made for a portion of the gift while avoiding the capital gains tax on any appreciated property used to fund the gift.

CHARITABLE LEAD TRUST

Under the terms of a charitable lead trust, you transfer assets to a trustee who makes payments to the church for a specified number of years, after which the assets are returned to you or your heirs.

If created properly, the charitable lead trust allows a donor to pass assets on to the children and grandchildren completely free of all estate and gift taxes.

SUMMARY

This brief and incomplete description of ways to support the Sidney United Methodist Church is not intended to tell you everything you need to know about planned giving or identify which method is most advantageous for your particular situation.

For advice and assistance regarding the suggestions in this brochure, the services of an attorney, financial consultant, or other professional advisor should be obtained.

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