

PLANNED GIVING OPPORTUNITIES

Since the tax laws intentionally encourage charitable giving by permitting tax deductions, potential donors should be aware of the various tax benefits available to them. This brochure is a very brief introduction to the methods of including us in one's financial planning. Not all of the available methods of giving are included, and not all of the tax ramifications of each form of gift are discussed. We urge interested individuals to discuss their particular circumstances with their financial and legal advisors.

GIFTS OF CASH

Most of the gifts made to us are in the form of cash, through a check written by the donor. If an individual itemizes, an outright gift of cash is fully deductible for federal income tax purposes up to fifty percent of adjusted gross income. If the amount of the gift should exceed this limitation, the excess may be carried forward for tax purposes for an additional five years.

GIFTS OF SECURITIES

One of the best ways to support us is through a gift of long-term appreciated securities. This method of giving offers a two-fold tax saving. First, the donor avoids paying any tax on the increase in value of the stock since its purchase. In addition, the donor receives a tax deduction for the full fair market value of the stock at the time of the gift. For income tax purposes the value of the gift may be deducted up to thirty percent of one's adjusted gross income, with an additional five-year carry forward.

GIFTS OF REAL ESTATE

An outright gift of real estate is often especially beneficial to a donor. A residence, summer home, or farm, for example, that has been owned for a long

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period may have so appreciated in value that its sale would result in a sizeable tax on the gain. If given outright to us instead, the donor avoids the tax and at the same time realizes a charitable deduction for the full fair market value of the real estate.

A donor may also wish to give a personal residence or farm to us, reserving the right to either live in the house or to continue to farm the property during his or her lifetime and, if desired, the lifetime of a surviving spouse. Through such an arrangement, the donor will be entitled to a current income tax deduction for a portion of the fair market value of the property.

GIFTS OF TANGIBLE PERSONAL PROPERTY

Some donors contribute personal property to us, such as a collection of books or paintings. Two conditions must be met to insure that the gift's full fair market value is deductible: (1) the item of personal property must be directly related to our tax exempt purposes; and (2) the donor must have owned the item long-term. Other types of gifts are still deductible, but at a lesser amount.

GIFTS OF LIFE INSURANCE

An individual who owns a life insurance policy that is no longer needed can advantageously use the policy to make a gift to us. One can designate us as the beneficiary of the policy and still retain the right to change the beneficiary at a later date and decide whether to continue to pay the premiums. To receive a charitable deduction, however, the donor needs to name us as both the owner and beneficiary of the policy. In this case, the donor may take a charitable deduction approximately equal to the cash surrender value of the policy at the time of the gift. In addition, if the donor continues to pay the annual

premiums, the amount of the premiums will be tax deductible each year.

LIFE INCOME PLANS

Many individuals wish to make a substantial gift to us during their lifetimes, but still want to receive the income from the funds, securities, or other property contributed. This can be accomplished by making a gift to us through a trust arrangement called a "unitrust" or an "annuity trust."

Through these arrangements, an individual can: (1) make a generous gift; (2) take an income tax deduction at the time the gift is made for a portion of the gift; (3) avoid paying income tax on any appreciated property used to fund the gift; and (4) receive for his or her life (and/or the life of another designated beneficiary) the income earned by the gift.

Under a unitrust, the donor or another beneficiary (or both) receive annually a fixed percentage of the fair market value of the assets in the trust. The income received thus varies from year to year with the value of the assets in the trust.

Under an annuity trust, the donor or designated beneficiary (or both) receive a fixed sum annually. The amount is agreed upon by the donor and the trustee at the time the gift is established.

CHARITABLE LEAD TRUSTS

Charitable lead trusts are essentially the reverse of the life income plans described above. The income interest is first paid to a charitable institution or organization — the charity's interest leads the way (hence the name).

Under this arrangement, the donor transfers assets to a trustee who would make payments to us for a specified number of years, after which time the

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brief guide to
the tax advantages

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assets would be returned to the donor or the donor's heirs. The charitable lead trust allows an individual to pass assets on to children and grandchildren either completely free or substantially free of all estate and gift taxes!

BEQUESTS

We can be named as a beneficiary in one's will in any one of a number of simple ways. An outright gift of funds (either a designated dollar amount or percentage of the estate) or property could be specified. We could also be named as a remainder beneficiary to receive funds only after specific sums have been paid to individual beneficiaries. It may be helpful to know that you can easily add us to your will through an amendment to your will called a codicil; thus the entire will does not have to be redrafted.

IN CONCLUSION

No one publication can tell you everything you need to know about planned giving and which method would be the most advantageous for your particular situation. Check with your attorney or tax advisor for additional information on how the general rules apply to your situation.

We appreciate your interest and support, and would be pleased to provide you with additional information on the advantages of planned giving.