

# Legacies



Autumn, 2009

Gift planning ideas for members and friends of the Christian Church (Disciples of Christ) in West Virginia

## Giving with your I.R.A. 2009 to be Final Year of Provision

**H**ave you ever wished you could stretch your dollars a little farther, or find a way to do more for the people and causes you love? If you are fortunate enough to be over 70 ½ and have an IRA, our government has extended a window of opportunity that was opened in 2007 to allow you to easily make your wish happen for one final year.

This law allows senior citizens, who are at least 70 ½ on the day the distribution is made, to request their IRA administrators make distributions directly to their favorite charities, including their congregation, the Region, or a favorite ministry of the general church. This distribution can be counted against your required minimum distribution if you choose; it will *not be counted as a taxable distribution* to you; and you are allowed to make distributions to charity of up to \$100,000 in any given year. In some states, making your charitable gifts through your IRA will save you state taxes, since this income will not be included in your Adjusted Gross Income. The combined impact of saving state, local and federal taxes is most dramatic for non-itemizers, who are now able to give tax-free dollars to charity – stretching their dollars by 25, 30, or even 35 percent!

This window of opportunity can allow people to give more to our shared work of ministry at the same or reduced “out-of-pocket cost” to them. You might consider fulfilling your 2009 giving commitment to your local church with a gift from your IRA, or use this opportunity to stretch your gift to a capital campaign, or to the region’s Annual Fund.

If you are over 70 ½, or will be before December 31, 2009, we encourage you to be in touch with us for more information. We have sample request letters for your IRA administrator and more information on how this act can benefit you, and all of the charitable causes you love, in the months ahead.

*For more information, contact the Regional Office,  
or call the Christian Church Foundation at (800) 668-8016.*

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## Retirement Assets Can Be Tax Burden

A retirement account, such as an IRA, 401(k), or 403 (b), often comprises a large portion of a person’s wealth. Yet did you know they are the most heavily taxed — and a perfect instrument for making a charitable gift at death?

The way in which you distribute the assets in your retirement accounts can reflect your faith and values. By naming the Christian Church in West Virginia, your local congregation, or a favorite ministry of the Christian Church (Disciples of Christ) as beneficiary of your retirement account, you can pass on assets

you no longer can use, and spare your estate the tax burden affiliated with these plans.

Simply ask the manager of your account to send you a beneficiary designation form, and complete it with the proper legal name of the entity you desire to support. Doing so allows the funds to pass tax-free.

Remember to consult your financial advisors on the ramifications of this decision since individual circumstances vary. Do not hesitate to contact the Regional Office if you have questions concerning the legal name of your chosen beneficiary.

# Five Charitable Year-End Strategies:

In the newspaper, on television, on the Internet—stories about the challenges facing the American economy are everywhere.

We have been riding the rollercoaster of rising gasoline prices and falling returns on income-producing investments. We have been bounced through the crests and troughs of an up-and-down stock market. Most of us are ready for some good news.

In the midst of these economic challenges, charitably minded people have ample reason to take heart. While unable to drive down the cost of regular unleaded, there are strategies to brighten your own personal economic forecast — strategies that can even take advantage of some of the current economic challenges.

In essence, you can create your own good news—if you incorporate the right strategies into your year-end tax planning.

Here are five powerful and most creative strategies that you can use before year-end.

## 1. Cut Your 2009 Tax Bill While Supporting Ministry

A charitable gift to your congregation, region or other ministry by Dec. 31 will not only enable you to make an investment in mission, it can also allow you to slash your federal tax obligation this year. If you itemize your deductions for federal tax purposes, the amount you save will depend on your marginal federal income-tax bracket.

You also could establish a named permanent fund at the Christian Church Foundation or create a Steward's Bank account, both which can make distributions to your favorite church causes.

**Example:** Joe and Donna expect to have taxable income of about \$250,000 in 2009, which puts them in the 33% federal tax bracket. They decide to make a gift of \$20,000 to a Steward's Bank account at the Foundation. This donor-advised fund allows them to make a gift now, and determine later which ministries will receive distributions from this account.

**Result:** This gift saves Joe and Donna \$6,600 in federal income tax (\$20,000 x 33%). Note: They may be able to save state income tax as well.

The Foundation's donor-advised fund lets Joe and Donna respond when resources are needed for ministry in any manifestation of the church.

## 2. Let Your Charitable Gift Do Double Duty: Give Appreciated Assets

In most cases, if you give appreciated assets that you have held for more than one year, you can deduct the full fair-market value and avoid capital-gain tax.

Example: Karen makes a gift to the Christian Church in West Virginia with stock worth \$50,000 purchased seven years ago for \$12,000.

She is allowed a deduction for the stock's full \$50,000 value, which saves her \$16,500 in her 33% bracket. In addition, she avoids \$5,700 in capital-gain tax she would have owed had she sold the stock. Total savings: \$22,200.

## 3. Reduce or Eliminate Tax on Capital Gain

If you are considering selling appreciated property *that you have held for more than one year*, you may be concerned that a sale could generate substantial tax on the capital gain (at rates as high as 15%). Instead, consider delaying the timing of the sale until next year to avoid having to pay any capital-gain tax for 2008. If the property — whether appreciated stock, real estate, etc. — is in danger of dropping in value, however, it may be more beneficial to sell now in spite of the gain.

## 4. Fund a Charitable Trust with Appreciated Property

You may find a gift of appreciated property to a charitable trust with the Christian Church Foundation even more beneficial. You would avoid paying any capital-gain tax on the initial transfer of the property to the trust, and you would receive a significant charitable tax deduction as well. Since a trust is tax-exempt, it can sell stock and not owe any taxes. This means the entire value of the stock stays at work for you, producing another source of cash flow.

Appreciated real estate also works well in a charitable trust.

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# Creating your own good news in financially uneasy times

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For example, consider the story of Shirley. She and her husband, when he was alive, were devoted church members. When he had to take disability, they realized they had more property than they could manage; the property had a very low cost basis and they realized selling the property would mean capital gain taxes would eat up a significant amount of the proceeds.

“Our attorney knew we were receptive to charitable giving ideas, an outgrowth of our church stewardship,” Shirley recalled. The attorney noted the several benefits of putting the land into a charitable trust:

- No tax on the capital gain
- A charitable income tax deduction
- A stream of payments for life
- Continued gifts to charity after their deaths.

“It sounded good to us,” she said.

A charitable unitrust was established; the land was placed into the trust, which sold the land. Income from the trust continues on to Shirley, although her husband died in 1997, providing her with payments to maintain her lifestyle.

At her death, the trust will pay what is remaining to her congregation and the other ministries and charitable causes she and her husband hold dear.

“Such planned giving is as much a part of good stewardship as what we do with our resources during our lifetime,” she says.

## 5. Increase Your Cash Flow — Now or Later

With the current low interest rates on traditional investments, you may find that this is a perfect time to consider creative charitable planning strategies that allow you to make a gift, generate a charitable deduction, and receive payments based on the value of your contribution.

Collectively these are called life-income gifts. There are various options available to generate payments for life; one of the most popular and versatile is the charitable gift annuity.

The amount of payment from a gift annuity depends on the amount of the contribution and the age(s) of the beneficiary(ies).

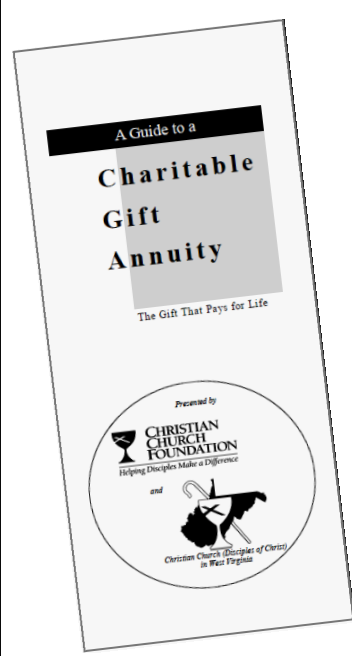
If you like the idea of making a gift by means of

a charitable gift annuity but don't want or need any additional income now, consider making a current gift and delay receiving payments. This is known as a “deferred” charitable gift annuity. You can make a gift now and designate the time in the future when payments are to begin. It can be advantageous because the total annual amount of the payments that will be made when the payments begin increases substantially, and the amount of the charitable income-tax deduction is much higher than that for an immediate-payment annuity.

## Make Your Moves Now

The remaining days of 2009 may pass quickly. We encourage you to get started on the year-end strategies that best fit your situation right away.

To assist you in your planning, we would like to provide you with helpful resources and any counsel that would be of benefit. Simply call the Christian Church Foundation office toll-free at (800) 668-8016 and ask to speak with Rev. Darwin Collins, our Zone Vice President.



**The Christian Church (Disciples of Christ) in West Virginia** will be happy to provide you with a helpful brochure on **Charitable Gift Annuities**, prepared by the Region in partnership with the Foundation.

Simply call the Regional Office at (304)428-1681 and speak with Rev. Allen or Rev. Chafin.

## What about my congregation?

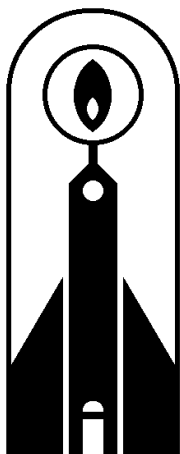
As a faithful steward of the gifts of God, many of us find ourselves in leadership of our local congregation's management of resources. There are a couple of important questions to be asking ourselves as we look toward the end of the year:

- How will we receive bequests and gifts? That is, what is our congregation's bequest policy?
- How will we best manage those bequests and gifts to empower ministry?

There is a rather simple answer to both of these questions. If your congregation does not have a bequest policy, now is the time to prepare one and put it in place. It is wise to review these policies periodically and to seek good counsel on their usefulness. And being ready to best invest those funds in a faithful way is critical to faithful stewardship. Your Region and the Christian Church Foundation stand ready to help in both instances. Our regional staff, working with the resources of the Foundation, will gladly help you with materials and counsel for developing any of your church's stewardship policies.

Rev. Darwin Collins, our Foundation Zone Vice President, is well-equipped to discuss options for your congregation's investment of resources. The Foundation's investment policy seeks to add value to the investment over time and maintain a steady stream of funding for the ministries of the church. Money invested with the Foundation is pooled together, giving managers a significant source of funds with which to work. The investment, which is not insured by the federal government, is always owned by the congregation, and is subject to withdrawal, given a timely notification.

We urge you to consider contacting Darwin through the Foundation office (information below), or the Regional Office who will also be glad to assist you.



Keep the flame alive...  
Remember your Regional Church  
in your will!

*The Christian Church in West Virginia does not render legal, tax or other professional advisory services. Advice from an attorney and other professional advisors should be sought when considering charitable giving.*

Please call or email Rev. Thad Allen ([tallen@wvdisciples.org](mailto:tallen@wvdisciples.org))

or Rev. David Chafin ([dchafin@wvdisciples.org](mailto:dchafin@wvdisciples.org))

(304) 428-1681

**Legacies** is published for friends of the Christian Church (Disciples of Christ) in West Virginia by the Region and by the Christian Church Foundation. It is designed to point out current developments that may be helpful in your tax and financial planning. Not all gift instruments are available in every state.

You should consult your own attorney or financial advisors.

**Christian Church in West Virginia**, 1402 Washington Avenue, Parkersburg, WV 26101

Phone: (304)428-1681 Web: [www.wvdisciples.org](http://www.wvdisciples.org)

**Christian Church Foundation**, 130 E. Washington Street, P. O. Box 1986, Indianapolis, IN 46206

Phone: (800)668-8016 Web: [www.disciples.org/ccf](http://www.disciples.org/ccf)

Email our Foundation Zone Vice President, Darwin Collins: [dcollins@ccf.disciples.org](mailto:dcollins@ccf.disciples.org)

*Please help us in our stewardship, as you are able,  
by advising us of any planned gifting you intend for the regional church,  
either through your will or other gifting instruments. All information will be held in strict confidence.*