

A Guide to Year-End Giving



Dear New Community,

We know for many of you, your giving is a reflection of your heart and your devotion to Jesus. Your generosity reflects your desire to help fulfill the missions of the ministries you love and your personal commitment to be a wise steward. As a valued partner of New Community, we want to help you do that. It's our hope that this document provides clarity for how you can do that while helping you explore and achieve maximum tax benefits.

While this guide has been reviewed by financial professionals, all information included is subject to change. We recommend you seek the counsel of your CPA or tax preparer before making any donations for eligibility of tax savings. Saving taxes is a consideration only after you have decided to make a gift.

As you consider your year-end generosity planning and continue to develop a lifestyle of giving, we pray that God will continue to richly bless you. As you pray and as you give, you are an important partner in ministry.

Praying and believing for God's best for you-

A handwritten signature in black ink, appearing to read "Brandon & Hannah Baldwin". The signature is written in a cursive, flowing style.

Pastor Brandon & Pastor Hannah Baldwin

An Ideal Time to Give



As followers of Jesus, we want to be givers also.
Look at the example in John 3:16,

"For God so loved the world that He gave ... "

To maximize our giving, it's important to consider:

- The types of assets ministries can receive
- The tax benefits of giving various assets
- The unique opportunities recent tax law changes and economic circumstances make possible.

A clear year-end giving plan can maximize your giving this year, and set you on a path for creative generosity in the future.



Planning Your Gift

Depending on the size and organizational structure of each ministry, you may consider making your gifts from these types of assets.

1. Cash

The simplest thing to give is cash. To receive a deduction for your gift, make certain it is postmarked or delivered before Dec. 31.

2. Qualified Charitable Distribution from IRA

If you are age 70-1/2 or over, you can transfer up to \$100,000 directly from your IRA to charity this year to complete a special gift (up to \$200,000 if MFJ).

Timing is very important. You want to make certain that there is sufficient time for your account custodian to process your request, allowing your gift to be completed by Dec. 31



Planning Your Gift

3. Gifts of Appreciated Assets

If you own assets that have appreciated in value (stocks, bonds, real estate), it may be to your advantage to contribute the asset to a ministry, especially if you don't plan to maintain the asset in your investment portfolio.

You can avoid the payment of tax on the capital gain, and your income tax charitable deduction will be for the full fair market value of the asset if the asset has been held for 1 year or more.

Timing your gift of securities is important. If the securities are sent directly to the charity or delivered to the charity's broker, the valuation and your deduction will be based on the date of the transfer.

However, if you send the securities through your broker to be reissued in the name of the charity, then the transfer date is the date the securities are transferred on the books of the issuing corporation. Since that date is unpredictable, you will want to make sure that it is completed before year end, and on a day when the market is favorable.



Planning Your Gift

4. Gifts of Life Insurance

You may give ownership of an existing life insurance policy to a ministry and receive an income tax charitable deduction that is the lesser of cash value or cost basis of the policy. You may also take a charitable deduction for remaining premium payments as you make them. If you purchase a new policy naming a ministry as owner, your income tax charitable deduction will be for your contributions toward the payment of premiums.

5. Gifts from Incorporated Businesses

A corporation can deduct contributions up to 10% of the corporation's taxable income. The gift can be of cash, inventory, equipment or crops. Contributions other than cash may be more convenient to make. If the business is an accrual basis corporation and authorizes the gift before Dec 31, the Cash gift can be given within the first 3 months of the new year and still be deducted in the current tax year.

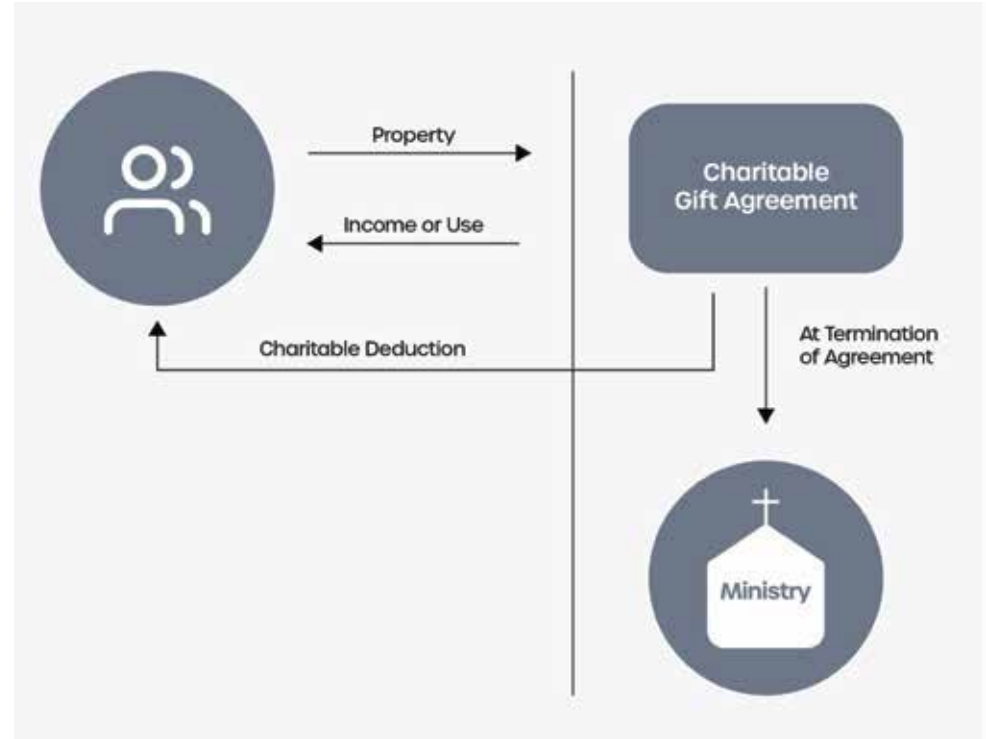
If you are employed by a corporation, check with your employer to see if they match gifts made by their employees to approved or qualified charities.



Planning Your Gift

6. Gifts with Income to You

It's also possible to make a gift to a ministry and receive an income tax charitable deduction, even though you retain income from the property you transfer. Your gift can be designed to meet your income needs and provide maximum tax benefits. If you own stocks, bonds, real estate, or even your personal residence or a farm, and make an irrevocable agreement that the property will be available to ministry at your death, you can receive an income tax charitable deduction.



Year-End Generosity Strategies



While the tax benefit is not our primary motivation to give, as stewards, it's important that we plan wisely to take advantage of strategies that are available.



Year-End Generosity Strategies

Deduct up to 60% for Charitable Distributions

In 2022, it is possible to make charitable gifts and deduct up to 60% of your federal adjusted gross income for tax purposes.

Prepay Contributions to Receive Maximum Deduction

If your current itemized deductions don't exceed the standard deduction, you may wish to prepay contributions you have planned for two or more years. This may allow you to receive the benefit of itemization beyond the standard deduction. If you've made pledges that are payable over several years, fully paying those pledges this year may create a charitable deduction in excess of your standard deduction.



Year-End Generosity Strategies

Giving Appreciated Property

If you have appreciated long-term capital gain property that you plan to sell in the future, consider gifting the property. You receive a current income tax charitable deduction, and avoid the capital gains tax payable on the sale.

Example: You own securities valued at \$10,000, for which you originally paid \$4,000. If you sell the securities, you will have a \$6,000 capital gain, resulting in a tax of \$1,320 assuming a 22% combined federal and state capital gains tax bracket. If, instead of selling the securities, you use them to make your gift, you avoid the \$1,320 of capital gains tax and you receive a charitable deduction for the full \$10,000. In a 35% combined federal and state income tax bracket this may save you \$3,500 in taxes.

The Qualified Charitable Distribution (QCD) has many advantages:

1. It's simple. You don't count the distribution as income, and you need not claim a charitable deduction to receive the benefit.
2. You receive a benefit equal to a charitable deduction, even if you don't itemize when you file your tax returns.
3. A Qualified Charitable Distribution can be in addition to other charitable gifts.
4. If the required withdrawal from your IRA is causing additional tax on your Social Security income, the Qualified Charitable Distribution from your IRA can be used to reduce this tax.



Year-End Generosity Strategies

Tax Rules Governing Your Charitable Donations

There are basic tax rules to consider when planning your contributions:

1. This year, individuals can no longer deduct \$300 in cash charitable gifts, even if claiming the standard deduction, when filing your taxes.
2. If your gift is of cash, you are allowed a charitable deduction up to 60% of your adjusted gross income. Any excess can be carried over for up to 5 additional years.
3. If your gift is of long-term appreciated assets, you're allowed a charitable deduction up to 30% of your adjusted gross income, also with a 5-year carry over for any excess. This is in addition to cash gifts, which are deductible up to 60%
4. When you gift long-term appreciated assets to charity, there is no capital gains tax payable at the time of the transfer, or when the property is later sold by the charity.





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