Build Up the Body

creative giving ideas

Income-based Giving

Priority Budgeting Some people may choose to rearrange their priorities in order to give greater gifts to an appeal. Priority budgeting may lead to postponing a planned expenditure such as a new car, boat, vacation home, etc. One couple delayed the purchase of a new SUV and applied the same monthly payments toward the appeal; enabling them to give an additional $20,000.

Re-Channeling a Present Expenditure Many families have incurred short-term heavy expenditures for special needs. An example would be while their children attend college. They learn during those years to budget their money so they can cover those expenditures. The same philosophy applies when budgeting money to support their church's vision.

Unexpected Cash A couple unexpectedly received an inheritance of several thousands dollars. They decided to give the entire inheritance to their church to expand their gift to the building project. Other people give their income tax refunds.

Increases in Income Many people have incremental salary increases, overtime, or bonuses which they include as part of their gift.

Income Various types of investments distribute interest or dividends. If the donor is not using the distribution for current income, rather than be reinvested, the interest or dividends may be assigned, for a defined period, to the charity. The donor retains ownership of the asset.

Extra Work One man was in the process of retiring when the church undertook an appeal. He secured a new job and gave the first three years of his retirement income to the church. Another woman worked an extra year beyond retirement and gave the full amount to the building project.

Tax advantages should never be assumed. The various gifting strategies have certain tax implications which may or may not affect a specific donor's personal income tax liability. For expert assistance, consult a tax attorney or tax accountant.

Asset-based Giving

Appreciated Assets A gift of investment assets which have appreciated in value is one of the most common gifting strategies. The asset should, in relative terms, be "substantially appreciated" if the giver wishes to receive tax benefits as a result of the charitable gift.

Stocks and Bonds Funding charitable giving with appreciated stocks or bonds can be very advantageous to both the donor and the church. The donor will avoid paying any capital gains taxes while receiving a full value charitable deduction, and the church will receive a very liquid asset. To claim all these benefits, the stocks/bonds must be transferred to the church rather than selling the stocks/bonds and donating the proceeds, which then turns the gift into an ordinary cash gift. A tax accountant can advise you about the most advantageous way to make the transfer.

Life Insurance Some people have accumulated cash in insurance policies which they give to the church. Others purchase new policies with the church as beneficiary or name the church beneficiary of an existing policy. Donors may also give the entire policy as an outright gift. The charity may wish to accept the policy ownership and continue to make premium payments in order to collect the proceeds at the time of the donor's death. Due to recent estate tax law changes, many donors may find their insurance policies, which were purchased for estate taxes, may not be needed and may be an excellent charitable gift.

Gift Annuity The donor funds a gift annuity with an appreciated asset and gives it to the church; in turn the church distributes a lifetime (or defined period) of income to the donor (and/or spouse). This is an excellent way to convert a substantially appreciated asset into an income source for the donor.

Charitable Trusts 1) Assets are held in a trust which can distribute income to the donor until death (or defined event) causes the asset to be distributed to the charity. **2)** In a lead trust, assets are held in a trust that distributes income to the charity until death (or defined event) causes the asset to be distributed to the donor's estate or family.