

A Practical Guide to
Giving Generously

With Optional Income to You

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Generous Giving

When you desire to be a generous steward—to model the giving lifestyle—the more you know the better. A working knowledge of giving strategies can help you give more and more effectively.

Consider these relevant questions.

How much should I give?

Giving is a personal stewardship decision, not to be dictated by guilt or by individual or organizational need. Paul's advice in 2 Corinthians 9:7 is, "Each of you must make up your own mind about how much to give. . .and do not feel that you are forced to give."

Measuring the effectiveness of our giving is easiest when we have a giving plan. Many Christians practice first fruits giving. Some call it a tithe, targeted at 10% of earnings. But do you have a plan to give beyond this?

Just as, "God so loved the world that He gave. . ." (John 3:16) sets the example for our giving—how much should also be dictated by love. In Corinthians 13:3 states, "What if I gave away all that I owned. . .I would gain nothing, unless I loved others."

How much you should give is probably best determined by starting with the motivation of love—love for God, the Church, and other ministries.

Should my gift be from current cash or net worth?

The vast majority of giving is from cash flow. However, those wanting to give larger gifts often consider gifts of net worth, usually non-cash assets.

Consider that:

- Gifts of net worth may not impact cash flow. This is especially true of assets that do not pay dividends or produce income, such as real estate, or low-income producing investments. In fact, some charitable gifts of net worth can actually increase cash flow.
- Gifts of net worth typically avoid the capital gains tax that would be payable on the sale of appreciated assets.

Example: You purchased stock for \$10,000 and it is now worth \$20,000. If you sell the stock, you would pay a capital gains tax on the \$10,000 of growth. However, if you give that stock to ministry, you

will avoid the capital gains tax. In a 22% combined federal and state income tax bracket, your gift will result in a capital gains tax savings of \$2,200.

- When an asset is transferred to a charitable organization, you are no longer responsible for management of that asset.

Do I need to retain income from my gift?

If you have low-income producing assets from which you would like a higher income, or if you have highly appreciated assets you wish to sell, consider making a gift to ministry and retaining the income. Because no capital gains tax would be paid when the charity sells the asset, the full value can be used to produce income for you.

You also receive an income tax charitable deduction, even when you retain the income produced by the property. You also guarantee a future gift to ministry when your income needs have been met.

How long do I need the income?

You can design your gift agreement to pay income for:

- A fixed period—up to 20 years
- Your life
- Your life and the life of a spouse or other beneficiary
- A combination of lives plus years

Charitable income agreements can be designed to meet your specific needs.

Do I need a fixed income or a variable income?

Charitable gift agreements can be designed to meet your personal goals and objectives. You may be most comfortable with a regular, fixed income. Or you may design your gift so that income will increase in future years, if the value of the assets appreciates.

You may even choose to receive less income than the asset actually earns. The extra earnings can be reinvested with principal to create greater income in

future years. This may be appealing when the agreement is used to provide for future retirement needs.

Do I need all the income or can I share it with others?

Your gift agreement can be designed to continue income for your spouse, to family members based upon need, or payable to someone who is financially dependent upon you. The income plan is determined when the agreement is established.

Will the income I receive from my gift agreement be taxable?

Some gift agreements provide partial tax-free income. Taxation of the income is typically dependent upon the type of assets transferred to the gift agreement.

Can I use a large charitable deduction this year?

You can design your giving program to maximize your ability to use charitable deductions. This can be helpful if you expect to be in higher or lower tax brackets in future years.

You can also control the amount of your charitable deduction based upon the amount of income you receive. The higher the income, the lower the charitable deduction.

Can my gift agreement be designed to help meet future income needs?

Are you concerned about needs for retirement income or educational expenses for children or grandchildren? You can combine your giving with meeting those needs.

For example, you can establish a charitable gift agreement now with the assets managed for growth. At

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retirement, the investment strategy can be changed so that you receive income from your agreement.

If you are anticipating educational expenses for children or grandchildren, selling appreciated property to meet those expenses may be very costly. However, it may be possible to make a gift and use the income from the gift agreement to meet these educational needs.

Do I need to coordinate my gift agreement with my estate planning?

If you are concerned about estate taxes at the time of death, charitable gifts can eliminate that concern. By properly designing your gift, you can transfer assets subject to taxation to ministry and avoid the tax.

Should I explore the possibilities?

Information about charitable giving strategies can help us be excellent stewards of the resources God has entrusted to us. If you would like to learn more about the benefits of a charitable gift agreement, you can use the following Decision Sheet to answer these questions.

If you return the Decision Sheet to us, we will prepare an illustration for you that explains options to accomplish your goals.

Our illustrations are provided to you without cost or obligation—they can help you maximize the stewardship of your giving life.

Decision Sheet

Please complete this decision sheet and return it to receive a personal proposal for you based upon the decisions you have made.

How much should I give?

- Amount _____
- Open to Counsel

Should my gift be from current cash or net worth?

- Cash flow
- Net worth
- Both

Would I like to retain income from my gift?

- No, I can make an outright gift
- Yes, I would like to retain income

How long do I need the income?

- Period of years (_____ years)
- My lifetime
- My life plus the life of my spouse
- Combination of lives plus years

Would I like a fixed income or a variable income?

- Fixed income
- Variable income

Would I like some of the income from my gift agreement to be tax-free?

- Yes, tax-free would be good
- No, this is not important

Can I use a large charitable deduction this year?

- Yes, I can use a large deduction this year
- I can also use a deduction over several years

Should my gift be designed to meet future income needs?

- Yes, to provide education for children or grandchildren
- Yes, to supplement retirement income

Do I need to coordinate my gift agreement with my estate planning?

- Yes, my estate is taxable (larger than \$11 million)
- My estate is not taxable

I have the following asset I would consider using to make a gift:

Type of property: _____ Value: \$ _____

Cost: \$ _____ Date Acquired: _____

Name: _____ Telephone: _____

E-mail: _____

Address: _____

City: _____ State: _____ Zip: _____

DOB: _____ Spouse's DOB: _____

RETURN TO:

Jeff Coon

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or mail to:

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Indianapolis, IN 46203

A Free Service for You

We are here to assist you in considering and completing your gift. Our services can help you look at the bottom line to make certain that your gift provides the greatest benefit for you and for the ministries you love.

We would be honored to hear your generosity desires, help you evaluate your potential gift assets, and prepare appropriate gift illustrations. There is no cost or obligation to you—may we help?

To begin the process, please contact:



Jeff Coon

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