



## Ways of Giving to First Baptist Academy

---

There are several ways to invest to help expand the mission and reach. The information below is not exhaustive, but it is meant to stimulate further inquiry. We would be pleased to work with you to determine the best way for you to make your investment.

### Current Gifts

- Tax deductible if the donor itemizes deductions
- Up to 60% of adjusted gross income can be deducted in any one year
- Excess can be deducted over the next five years
- Actual savings depend on the tax rate
- The higher the tax rate, the greater the savings

### Pledges

- Payable over a three-year period
- Deductible in the year a payment is made

### Matching Gifts

- Takes advantage of programs offered by many employers
- Leverages donor's gift to a higher level

### Appreciated Property

- If qualified as a long-term capital asset (a year and a day), the property should be given outright
- Avoids payment of capital gains tax due if the property were sold
- Deduction given for the full value of the property, limited to 30% of adjusted gross income
- Excess beyond 30% can be carried forward for five years

### Property that has lost value

- The donor sells the property, takes the loss for tax purposes, and contributes the cash received from the sale
- Deduction given from both the loss and the charitable gift

### Real Estate

- Possible for the donor to make a gift of residence, farm, or vacation home, reserving the right of occupancy as long as the donor and spouse live



- Irrevocable gift qualifies for an immediate tax deduction based on the present value of the remainder interest
- Assign directly to your organization or, preferably, transfer through a broker
- Amount of contribution is fair-market value on the date of transfer

## Closely Held Stock

- Produces a current tax deduction equal to the fair market value of the stock
- Corporation may redeem shares of the stock from your organization
- Could reduce liability for accumulated earnings tax

## Deferred Gifts

### Charitable Gift Annuity

- Provides a fixed income for the lifetime(s) of one or two annuitants
- Amount paid determined by the rates recommended by the American Council on Gift Annuities
- The older the annuitant, the higher the level of income
- Portion of gifts and income are tax-deductible

### Deferred Gift Annuity

- Offers increased income and tax benefits
- All basic features and benefits of gift annuity
- Income delayed until a future date chosen by the donor
- Rate of return and tax deduction dependent upon the length of income delay

### Pooled Income Fund

- Operates much like a mutual fund
- Contributions pooled and managed by investment advisors
- Income paid to the donor and second person, if desired, until beneficiaries are deceased
- Income fluctuates based on earnings of the fund
- Immediate tax deduction for a portion of the gift
- Avoids capital gains tax if appreciated securities are given
- Gifts to Pooled Income Fund are irrevocable

### Life Income Trusts

- Trust assets are funds or property contributed by donor (usually \$100,000 or more)
- Flexibility in type of property that can be donated
- Real estate and municipal bonds may be used
- Provides a fixed amount of income (Charitable Remainder Annuity Trust)
- Provides a variable level of income (Charitable Remainder Unitrust)



## Charitable Lead Trust

- Donor provides assets for use for a limited period of time
- Funds are invested to provide income to your organization
- Assets returned to donor or to estate at end of designated period
- Can fulfill a pledge while reducing estate and gift taxes that might otherwise be due on assets given outright to heirs

## Wealth Replacement Trust

- Protects inheritance interests of heirs
- Contributes assets to your organization either outright or through planned giving vehicles
- Using resulting tax savings, donor purchases a life insurance policy with heirs as beneficiaries

## Life Insurance

- Make your organization sole owner and beneficiary of paid-up policy
- Receive income tax deduction for the cash surrender value of policy
- If policy not fully paid, continue to pay premiums
- Receive tax deduction for annual premium amounts

## Bequests

- Outright bequests, as well as certain bequests in trust, are not subject to estate taxes
- Actual cost is less than face value of gift because of tax benefits to estate
- Bequest can take any of following forms:
  - ◆ Bequest of a dollar amount of particular securities or other property
  - ◆ Residual bequest of all or portion of estate after payment of specific amounts to other beneficiaries
  - ◆ Contingent bequest to take effect if other beneficiaries die before the donor
- A bequest can often be arranged simply with the addition of a codicil amending an existing will