



# wouldn't it be great?!

by James R. Smith, President, CBF Foundation

How many times have you heard about someone making a gift of hundreds of thousands of dollars and you've thought to yourself, "*Wouldn't it be great to be able to do something like that? What a wonderful feeling that must be.*"

It does not take a gift of enormous size to experience the joy and the fulfillment of generous giving. Often schools, hospitals, and other institutions have a wall or a series of plaques to express thanks to contributors of many levels of giving. The difference between those who contribute charitable gifts and those who just wish to do so and say, "*Wouldn't that be great?*" is often in understanding how a charitable gift can be made, especially through planned gifts and estates.

In making planned or estate gifts to your church, it is important to consider what assets to give. A gift can be made by simply writing a check or using a bank card. Cash is easy to give, but not always best from a tax-planning standpoint. Many gifts, however, are made through different avenues.

**Stocks and bonds** may make sense as a tax-planning strategy if the current market value exceeds the initial cost. A tax deduction of the value of the stock is possible if a gift of the stock is made. If stock is liquidated before it is given, the tax advantage may be lost.

**Real estate** assets may include a residence, vacation property, undeveloped land, farm, or commercial property. If it costs to own real estate that is no longer needed, it might be the perfect asset to contribute. The combination of being

relieved of expense and responsibility of ownership plus the tax deduction can make this a good decision. Strategies to retain a life estate or to gift an "undivided interest" in property are often helpful. Gifts of property that have environmental concerns, tax issues, or other liabilities may not be able to be accepted by the church.

**Tangible personal property** includes antiques, art, jewelry, cars, boats, coin collections, valuable musical instruments, and other collectibles. To maximize the charitable deduction, make sure the church can use it for a purpose related to its nonprofit function. For example, a gift of a rare Stradivarius violin may be made to a music school for its appraised value. But if donated to a hospital, the gift is valued at cost basis or potentially lower.

This is an interesting category. Through the years, I have helped churches sell coin collections, fine jewelry, lumber inventory, and even a race horse. Some gifts can't be passed in the offering plate!

Another category, **life insurance policies**, may include a policy no longer needed or a new one purchased for the purpose of making a gift. An entire policy may be given or the church can be named as one of several beneficiaries of a policy. Life insurance that comes into an estate will grow the estate. The opportunity to tithe on life insurance is lost unless there is advance planning. Consider making your church at least 10% beneficiary of life insurance.

**Other possible assets include but are not limited to** a business, closely held stock, or retirement plan assets.

**Giving in a responsible way** means taking care of self, spouse, and family. The selection of the way you make gifts to your church and take care of self and family is often the key.

General ways to give include **revocable commitments, irrevocable gift plans, and to provide remainder interest or life estate.**

A **revocable gift** allows you to plan today with the ability to change that plan if you have a reason for change tomorrow. Making a revocable gift commitment allows you to say, "I plan to make this gift in the future but I reserve the right to change my mind."

Revocable gifts provide no current income tax deduction. Once a revocable gift becomes irrevocable and passes to the church, there may be some tax benefit.

The most popular revocable gift is a bequest in a will. Bequests may be made for a percentage, as a specific amount of the estate, or as a residuary bequest, which is from the remainder of the estate after payment of all expenses. Seek final advice from legal and financial professionals in the state where you live.

Gifts given as endowment are invested and the principal is used to produce perpetual income for ministry. You may give more from heaven to your church than you can ever give during your lifetime. Now, *that's great!*