



2018

NOW IS THE TIME:

2018 YEAR-END GIVING

presented **impactstewardship**
resources, inc.

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When economic times are bleak, fear can affect or even paralyze one's willingness to give in sacrificial ways.

The years since the market crash and following recession have at times been difficult especially, for churches battling debt. The good news there are some forces that translate into people feeling more financially secure and lead them to become more generous. Here is some of what has changed.

CONSUMER CONFIDENCE HAS THIS YEAR REACHED AN 18-YEAR HIGH.

- This year is the highest reading since October 2000. According to Harriet Torry who writes in the Wall Street Journal November 13, 2018 "U.S. economic output grew at a robust 4.2% annual rate in the second quarter, largely because of the best consumer spending in nearly four years, the Commerce Department said in late August....

Most respondents, 42.5%, expect stock prices to continue rising over the next 12 months, while 35.1% expect them to hold steady and 22.4% expect a decline. Consumers are also relatively upbeat about their employment prospects. In September, 45.7% said jobs were plentiful, up from 42.3% in August. At the same time, 13.2% said jobs were hard to get in September, compared with 12.1% in August."

- Stock and Real Estate holdings continue to appreciate. The Dow Jones closed in 2015 at 17537, and this year has broken record after record averaging over 25,000. All major housing markets are on the rise and booming construction apparent in all regions.

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- Recent tax legislation. News agencies have consistently reminded us that consumer spending is up because people have more disposable income. For the same reason it a good time to challenge people to be generous with those extra dollars.

There has not been a better time for churches and charities to raise large sums of money. These organizations should capitalize on a good economy when planning their year-end giving strategies. For nearly 20 years, Impact Stewardship has been encouraging individuals to consider charitable contributions to worthwhile causes as part of being a faithful steward.

Seniors are more likely to be less fearful with a strong economy. Many seniors are careful to protect their resources due to fear of outliving their assets. Good economic conditions can help alleviate those fears. Seniors with IRA accounts have appreciated along with the rest of the market. The best tax break for seniors with an IRA remains undiscovered by most.

I have already received year-end requests from three well-known national organizations. Why is this important you may ask? The reason is not complicated—they are trying to avoid paying income taxes and churches rarely make the “ask”. Even in the midst of the busy holiday season, I would challenge you to promote the advantages of year-end giving. Here are a few considerations:

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1. GIFTS OF APPRECIATED STOCK AND REAL ESTATE

The market has been amazing leaving many with large tax liabilities when they sell. Property values have recovered and appreciated since the recession. Assets with appreciation can be given to the church, avoiding capital gains tax and receiving charitable donation credit for the current market value. The list of potential assets is limitless. For example, timber makes an excellent gift because of its low-cost basis, and the sale is almost entirely subject to capital gains.

Here are some unique senior opportunity examples: A childless, older couple gives their church a farmhouse and 50 acres holding a “life estate”. This allows them to live in their home for life without maintenance cost. A 95-year-old woman living off the dividends of her stock portfolio trades \$1 million in stocks for a single premium annuity that costs the church less than \$200,000.

2. GIFTS FROM IRA ACCOUNTS

When people in their 20’s and 30’s deposit in IRA accounts, they are mostly unaware those funds will ever be subject to income tax. When they reach 70½, they realize the tax code requires them to take a “minimum required distribution” (MRD). For most, the amount they are required to withdraw as taxable income is 3-4% of the account balance. The average value of an IRA is \$600,000. It’s easy to see that adding over \$20,000 dollars to their social security and other taxable income would cause concern.

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Fortunately, for charitable-minded seniors, there is a way to avoid the additional tax.

Bernie Kent in a Forbes magazine blog [Should You Make A Charitable Contribution From Your IRA?](#) states the following:

“One of the key benefits of the direct charitable contribution from your IRA is that the distribution counts towards your Required Minimum Distribution (RMD). You can contribute more than your RMD to charity as long as you do not exceed \$100,000 in a calendar year... However, you may not receive anything (other than an intangible religious benefit) from the charity as a quid pro quo for your contribution. The charity must provide you an acknowledgement stating the amount of the charitable distribution and that no goods, services, or benefits of any kind were or will be provided to you in consideration for the distribution from the IRA. Also, the contribution cannot go to a donor-advised fund, supporting organization or private foundation.”

This benefit that has been available for several years on a year-by-year basis (with a required extension each year) became permanent December of 2015. This provision is the only way any funds can be removed from an IRA without paying tax. A person with a committed desire to give should consider this vehicle first. The only possible better tax-saving benefit could be giving an asset with long-term appreciation with a zero cost basis.

For more information see [Charitable IRA Distributions: A Great Opportunity](#) by David K. Smucker, CPA and/or read this helpful article on [How to Avoid Taxes on IRA Withdrawals](#) by Emily Brandon.

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Your church may be facing a sizeable debt and/or needing to expand to alleviate crowded facilities. If that describes your situation, I implore you that now is the time to challenge the entire congregation to give out of their resources gaining tax benefits to fund the church's vision and ministry. Again, this is the best opportunity I have seen in the 20 years of my ministry. Do not be afraid to make the "ask."

As always, Impact Stewardship is available by phone or email to answer any questions you may have and help in any way we can.

***Disclaimer: No decisions regarding giving should be made without consulting your tax professional. Tax laws are constantly changing*

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Impact Stewardship Resources provides full-service capital campaign consulting for churches and Christian ministries.



BILL PRICE

Founder

Bill Price is recognized as one of the leading church capital stewardship program consultants in the country. His success over the past 15 years in capital stewardship is unequalled. Bill has more than 12 years experience in the insurance and investment fields and extensive expertise in the tax and estate laws covering charitable donations.

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