

Making a Difference

Turning Point™
with Dr. David Jeremiah

But do not forget to do good and to share, for with such sacrifices God is well pleased. (Hebrews 13:16)

You Can Make a Difference

Big donations tend to make the news. Fortunately, gifts that do not make the news still make a big difference. Millions of dollars can certainly change lives, but you can make an important impact on a meaningful mission with much less.

Consider Elaine. She taught math for over 50 years, from elementary school up through high school. She believed in the importance of community and inspiring the leaders of tomorrow. Elaine made a $50,000 gift to help start a charitable fund, taking advantage of a matching gift to double her impact. She regularly supported various schools and community foundations during her lifetime, and when she passed at the age of 98, her Will contained gifts to more than 20 nonprofits.

Are you interested in leaving a lasting legacy of support for us and other organizations that are meaningful to you? By making a gift, you can:

- Help shape the future, perhaps for generations to come
- Take advantage of the financial and estate planning benefits associated with the gift
- Experience the joy and satisfaction that come from giving back

There are many gift opportunities, from the simple to the complex. As you consider ways to support our mission, let us help you discover the strategies that fit best with your personal circumstances and philanthropic goals.

Gifts of Cash

Cash is the simplest and most popular way to make a gift. Cash is immediately available to support our programs, and every dollar you give is deductible in the year you make the gift if you itemize.

The income tax charitable deduction cannot exceed 60% of adjusted gross income (AGI) in the year of the gift. However, any excess can be carried over and deducted for a period of up to five years until it is used up.

CHARITABLE DEDUCTIONS ARE SUBJECT TO LIMITATIONS

- Only the portion of your annual giving over 0.5% of your AGI qualifies for a deduction.
- If you are in the top 37% tax bracket, the tax benefit of your deduction will be capped at 35%.
- There is a maximum annual deduction expressed as a percentage of your adjusted gross income (the percentage varies depending on the asset).

Gifts of Marketable Securities

A gift of appreciated stock (held for more than one year) can play an important role in financial and philanthropic planning. Under the right circumstances, giving appreciated stock can allow you to make a significant contribution without affecting cash flow.

Gifts of securities can be made quickly and easily, and the tax benefits affecting both income and capital gains dramatically increase the impact of these gifts. Any gift of stock qualifies for an immediate income tax deduction for the full fair market value, even if the stock was purchased for substantially less. In a sale of appreciated stock, such a gain would incur the capital gains tax, but by gifting the stock, no tax is due, no matter the amount of the appreciation.

If you itemize, the charitable deduction for a gift of long-term appreciated securities cannot exceed 30% of AGI in the year of the gift. Any excess deduction may be carried over for a period of up to five years.

Gifts in Your Will

Making a gift to charity in your Will is simple and it lets you retain full use of the property during your lifetime. There is no immediate out-of-pocket cost—you simply direct that when you die, part of your estate will go to one or more of your favorite charities. You have complete control—if your goals or circumstances change, it is easy to change the gift.

Since a gift in your Will can take many forms, you have considerable flexibility, too. You can leave a specific asset, a specific sum of money, a percentage of your estate, or what remains of your estate after you have provided for other beneficiaries. You can designate exactly how you want your gift to be used (to honor a beloved relative or a cherished friend) or leave the gift unrestricted so that we can meet our changing needs.

Beneficiary Designations

Because assets like life insurance, revocable trusts, and retirement plans typically do not pass under your will, they offer a unique opportunity for giving. By simply updating your beneficiary designation, you can make a meaningful future gift without the need to amend your legal documents. Making a charitable organization the beneficiary of a retirement plan and leaving other assets to loved ones can provide income tax relief for your heirs and possibly estate tax savings as well.

Gifts That Pay Income

You can also make a gift that will pay you a lifetime income. Under a well-planned life income arrangement, you can reduce taxes, increase spendable income, and at the same time, make a gift that will have a substantial impact on our future.

Charitable Gift Annuities (CGAs)

Gift annuities are one of the most popular types of gifts. They are easy to understand and implement and they provide you with a number of benefits—an immediate income tax deduction (if you itemize), a lifetime income for you and/or your spouse or other beneficiary, and payments that are partially tax free.

A CGA is an agreement between you and us. You transfer assets as a gift to us, and in return, we promise to pay a fixed amount to one or two annuitants for life. You qualify for an immediate income tax charitable deduction for the gift (subject to limitations) and may be able to spread out capital gains tax liability. What is more, part of each annuity payment may be income tax free. In addition, you can elect a payment arrangement that is convenient to you (annual or quarterly).

With a Deferred Charitable Gift Annuity, you still qualify for an immediate income tax charitable deduction, but you delay the start of the annuity payments for at least a year. The older you are when payments begin, the higher the payout rate you will receive. This lets you enjoy the tax deduction now and begin an income stream later to supplement retirement savings.

Charitable Remainder Trusts (CRTs)

Another method of generating income and reducing income tax is to make a gift using a Charitable Remainder Trust, which provides remarkable flexibility and important benefits:

- Income for you and/or your beneficiaries for life or a period of up to 20 years
- An immediate and substantial income tax charitable deduction if you itemize (subject to limitations)
- The potential to bypass immediate capital gains tax when you fund the Trust with long-term appreciated property
- A reduction in the estate value, which may minimize or even eliminate transfer taxes
- A reduction of probate fees, settlement costs, and taxes

The exact amount of the charitable deduction depends on:

- The value of the property transferred to the Trust
- The amount of income benefits payable each year to individual beneficiaries
- The length of time the income benefits will be paid (or are expected to be paid)
- The prevailing interest rates at the time of the gift

EXAMPLE: Elena wants to make a gift to us and supplement her income when she retires. She transfers stock worth $300,000 to a CRT and directs that an income of $15,000 a year be paid to her for as long as she lives. The trustee holds and invests the property during Elena's lifetime and makes the required payments to her each year. When Elena dies, the trustee pays the remaining Trust property to us.*

Charitable Lead Trusts (CLTs)

A Charitable Lead Trust is almost a mirror image of a Charitable Remainder Trust. A CLT pays an annual income to a qualified charitable organization for a specified period of years, then pays all remaining assets to non-charitable beneficiaries (often children or grandchildren).

A CLT can help meet important planning goals, as it reduces transfer taxes while ultimately passing ownership to family members—particularly useful for assets that are expected to appreciate significantly while held in trust.

EXAMPLE: In her Will, Ruth establishes a CLT with $1,000,000 of stock in a company that she expects will grow significantly. The Trust directs that $50,000 be paid to her favorite charity each year for 10 years after her death, at which point the trustee will transfer the remaining Trust assets to Abigail, Ruth's daughter. Ruth's estate can claim an estate tax charitable deduction for the present value of the charity's interest even though Abigail ultimately is likely to receive a significant sum of money (especially if the stock appreciates as expected while held in trust). Ruth has the personal satisfaction of providing $500,000 over 10 years to help support a cause she believes in.

* All examples are for illustrative purposes only.

IRA Gifts

If you are 70½ or older and own an IRA, you can make a charitable gift using a Qualified Charitable Distribution (QCD). One option is to transfer up

to $111,000 from an IRA directly to us (annual aggregate limit for 2026). Or you can make a one-time life income QCD up to $55,000 (in 2026) to fund a new Charitable Remainder Trust or Charitable Gift Annuity. Transferred amounts count toward the required minimum distribution if one is due, but no tax is due on the distribution. At any time during the year, you simply notify your IRA custodian to make a QCD.

Gifts of Real Estate

When you donate appreciated real estate, you completely bypass capital gains taxes while deducting up to the full fair market value of the property as a charitable contribution (assuming that the real estate has been held long term and you are not in the business of buying and selling real estate).

GIFTS OF RETIREMENT ASSETS

Retirement account assets left to heirs are highly taxed—once in the estate, and then as income to the beneficiaries. Stocks, bonds, mutual funds, and real estate are not subject to income tax when they transfer to heirs.

By using retirement account assets to make gifts (and leaving other estate assets to family members), you minimize the income tax burden on your heirs, leaving more to intended beneficiaries.

Giving a fractional interest in real estate
Federal tax laws permit a charitable deduction for gifts of fractional interests in real estate. This type of gift can be especially rewarding if you own a vacation home that you use for only part of the year.

> **EXAMPLE**: Mary and Andrew own a $300,000 vacation home that they use in July and August every year. They can give us a 50% interest in the property, secure a tax deduction for the value of our interest in the property, and still have a right to use and occupy the property for up to half the year.

Giving a remainder interest in a personal residence or farm
A special provision of the tax law allows an immediate income tax charitable deduction for a gift of a remainder interest in your home or farm. You retain an absolute right to occupy the home or farm for your life (or the life of a family member). The property passes to us only at the end of the life estate.

The charitable deduction allowable for this future gift is the present value of our right to receive the property at some later date. The age of the life tenant is the primary factor in determining the present value of our deferred interest and the charitable deduction. The gift is deductible in the year of the transfer (subject to income limitations).

Gifts of Life Insurance

Many people own life insurance policies they no longer need—for example, a policy acquired to ensure a child's education, when the child is now out of school. If you give a paid-up life insurance policy, you can deduct the lesser of the basis of the policy or the replacement value (subject to limitations).

Gifts of Closely Held Stock

A charitable gift of closely held stock presents a unique opportunity, especially if the closely held corporation has substantial accumulated profits. After the gift is complete, the corporation can offer to buy back the stock and retire it, as long as there is no requirement that the charity must sell it back to the corporation. Of course, the donor qualifies for a deduction for the fair market value of the closely held stock (subject to limitations), and there is no capital gains tax no matter how much the stock has appreciated in value.

> **EXAMPLE**: John owns 85% of the stock of a successful advertising business worth about $1,000,000. The corporation has substantial accumulated profits, but John would realize taxable income if he received these profits as a distribution. Since his basis in the stock is zero, John is reluctant to subject $850,000 of appreciation to the capital gains tax. Instead, he gives 5% of the corporate stock to us and because he itemizes (subject to limitations), he is able to deduct $50,000 as a charitable contribution. Because we want to liquidate the stock for cash, we choose to allow the corporation to buy back the stock from us for $50,000. John receives a charitable tax deduction, and he still owns a controlling interest in the corporation.



Gifts of Tangible Personal Property

Antiques, paintings, collectibles, jewelry, and rare books are prime examples of tangible personal property that individuals may give to charity. The full fair market value is generally deductible provided the asset is used for our tax-exempt purpose (otherwise, it is limited to the adjusted cost basis). It is possible that a well-planned gift of a collectible may generate a larger capital gains tax savings compared to other long-term appreciated property.

Grants from a Donor-Advised Fund (DAF)

A DAF allows you to make a larger contribution, receive an immediate income tax deduction (subject to limitations), and then recommend grants to us over time. You can give cash or more complex assets, simplify your giving, and maintain the flexibility to give when and how it best aligns with your charitable goals. You may also be able to name us as the beneficiary of any assets remaining in your DAF at the end of your lifetime.

Ready to Explore Your Options?

Philanthropy is about building a legacy that reflects your values and creates a meaningful impact. Once you decide to give, a thoughtful gift choice can also offer effective tax and planning benefits that support your broader goals. We are here to help you find the option that fits best for you. Reach out. Our team would be pleased to assist you in choosing a tax-wise gift that makes a difference for generations to come.

Turning Point™
with Dr. David Jeremiah

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