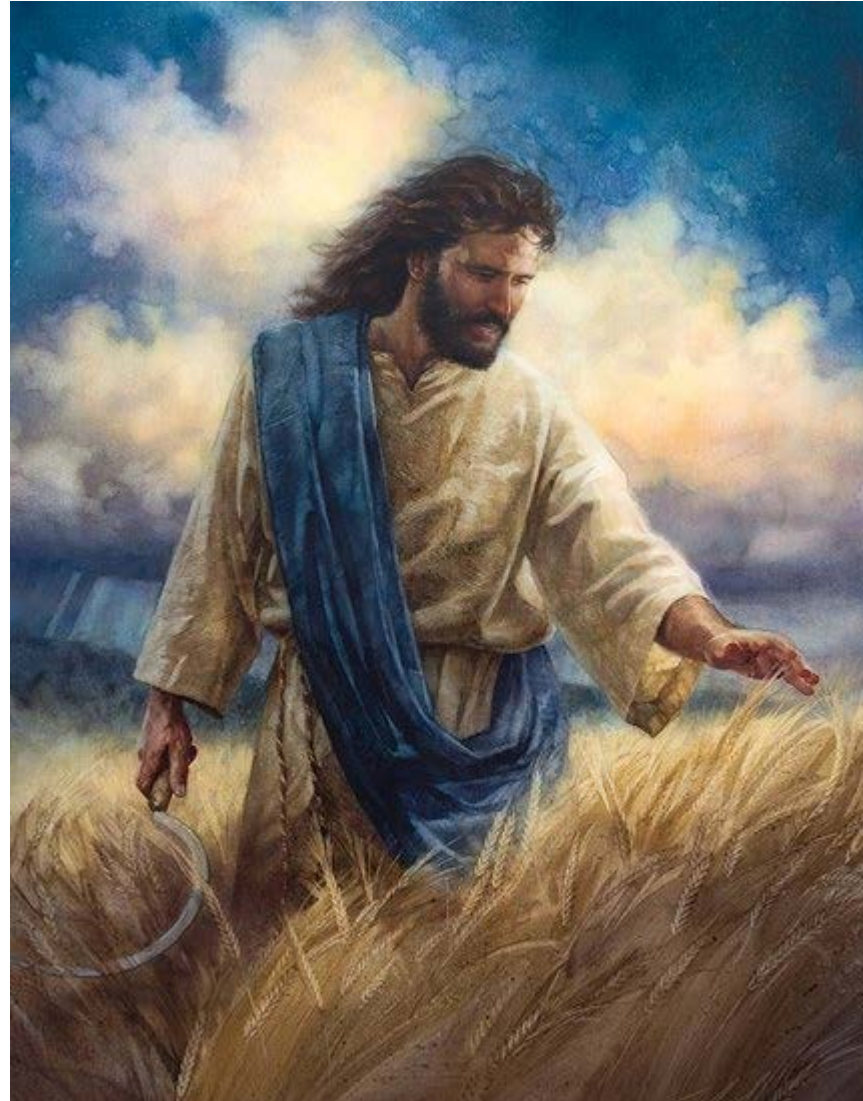


The Joy of Lifelong Giving!

Scot Coppock, CSPG



Lifelong Giving



Spiritual Prosperity is closely bound up with Christian Liberality.

AA 344



Lifelong Giving



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Gifts of Cash

- Immediate Gifts
- Limited by our cash flow and cash savings
- Does not fully utilize tax benefits



Gifts Other Than Cash



- IRA QCD
- Stocks & Mutual Funds
- Real Estate
- Crops
- Life Insurance
- Personal Property



IRA Qualified Charitable Distribution (QCD)

- Distribution directly from your IRA to a charitable organization
- Distribution not recognized as income reducing amount of income tax owed
- Can Satisfy RMD
- Does not have to itemize charitable deduction



IRA QCD – Restrictions

Donor must be
70 ½ years old

Gift must be
given from a
traditional IRA, it
can not be from
a Roth, 401(k) or
a 403(b)

Maximum gift is
\$100k per
person

Can not receive
anything in
return for the
gift, can not be
used to set up a
CGA or a CRT



Gifts of Stock & Mutual Funds

- Avoid All Capital Gains
- Does Not impact Cash flow
- Useful in diversifying your portfolio
- Can repurchase investment for stepped up cost basis



Gifts of Stock – Process

Consult with your trusted advisors to determine if this gift is right for you

Contact SDA Organization to notify them of the transfer, and to get their brokerage account information

Direct Broker to transfer the name of the shares and how many shares



Gifts of Real Estate

- Avoid all capital gains tax
- Does not impact cash flow
- Avoid hassle of selling property
- Lot's of options on how to design the gift



Gifts of Real Estate Process



Consult with trusted advisors to determine if this gift is right for you

Contact SDA organization to discuss the property you are interested in donating

Conference conducts due diligence to determine:

- Property Value
- Needed improvements
- Costs of owning
- Marketability
- Any liens on property
- Environmental hazards

Conference Corporation Board votes whether or not to accept the property

Work with attorney and title company to transfer real estate to the Conference



Gifts of Real Estate – Buyers waiting in the wings

- Do not sign a purchase agreement with someone wanting to purchase the property before gifting the property
- The Conference has to have the ability to negotiate the sales price with the buyer



Gifts of Crops

- Can exclude the sale of the cash crop from income and deduct the cost of growing the crop
- Does not have to itemize charitable deduction



Gifts of Crops – Restrictions



Gifts of Crops – Process

Deliver grain to the elevator or bin

Instruct elevator to transfer X number of bushels to the conference executing a notarized letter of transfer

Conference receives a warehouse receipt and pays any subsequent ownership costs such as storage or transportation

Conference authorizes the sale and collects proceeds from the elevator

Donor includes production expenses on tax return



Life Insurance Policies

Q. How can this be an immediate gift?

A. When a life insurance policy is no longer needed and has a cash surrender value it can become an immediate gift.



Life Insurance Policies

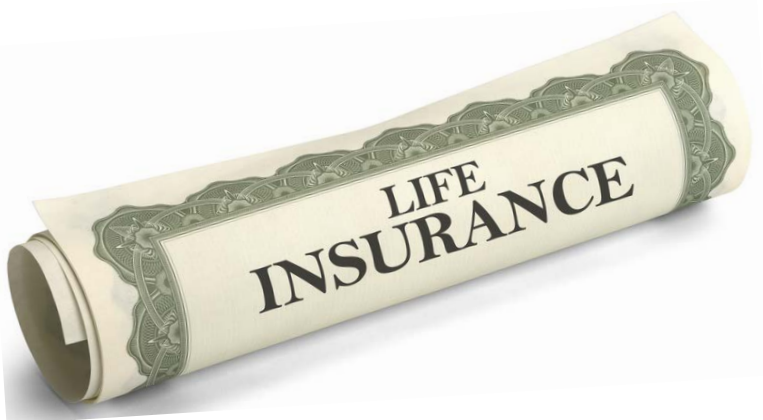
Q. Why not surrender the policy myself and donate the cash?

A. When you surrender a policy early and the cash surrender value is greater than the amount of premiums paid you may have taxable income. By donating the policy to charity you can avoid paying taxes on the income.



Life Insurance Policies

- Benefits to the donor
 - Avoid possible taxable income within the policy
 - Create a charitable tax deduction
 - Remove an unwanted asset from your taxable estate
- Benefits to the Conference
 - Relatively easy to complete the gift
 - Little to no risk



Life Insurance Policies

Consult with your trusted advisors to determine if this gift is right for you

Contact the conference and let them know you would like to donate the life insurance policy

Contact the life insurance company to start the process of transferring ownership

When the policy is transferred the Conference will surrender the policy and collect the cash value



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Deferred Gifts

- Split Interest Gifts
- Bequests in a Will or Trust
- Naming Beneficiaries on Financial Instruments

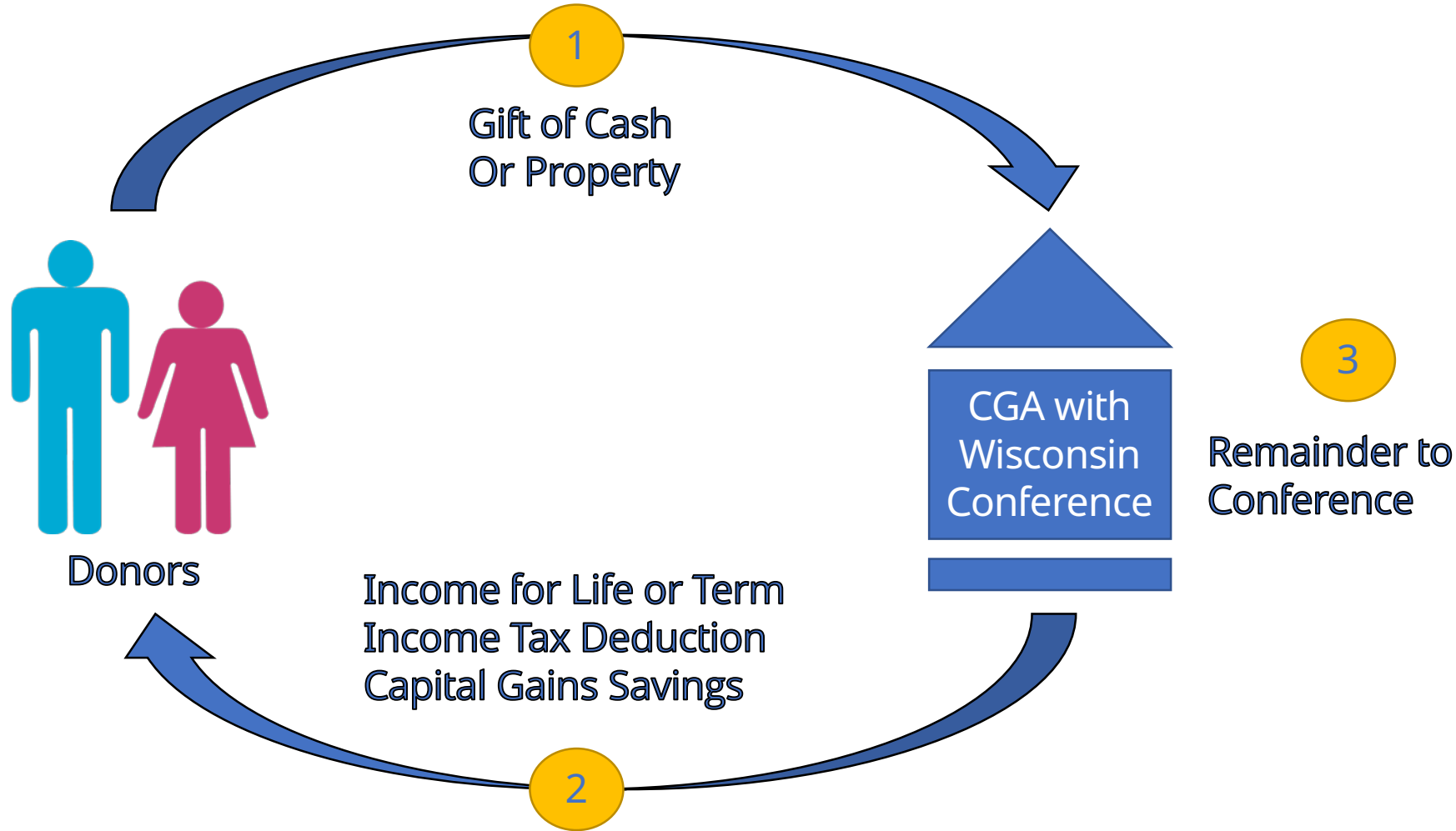


Split Interest Gifts

- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts



Charitable Gift Annuity



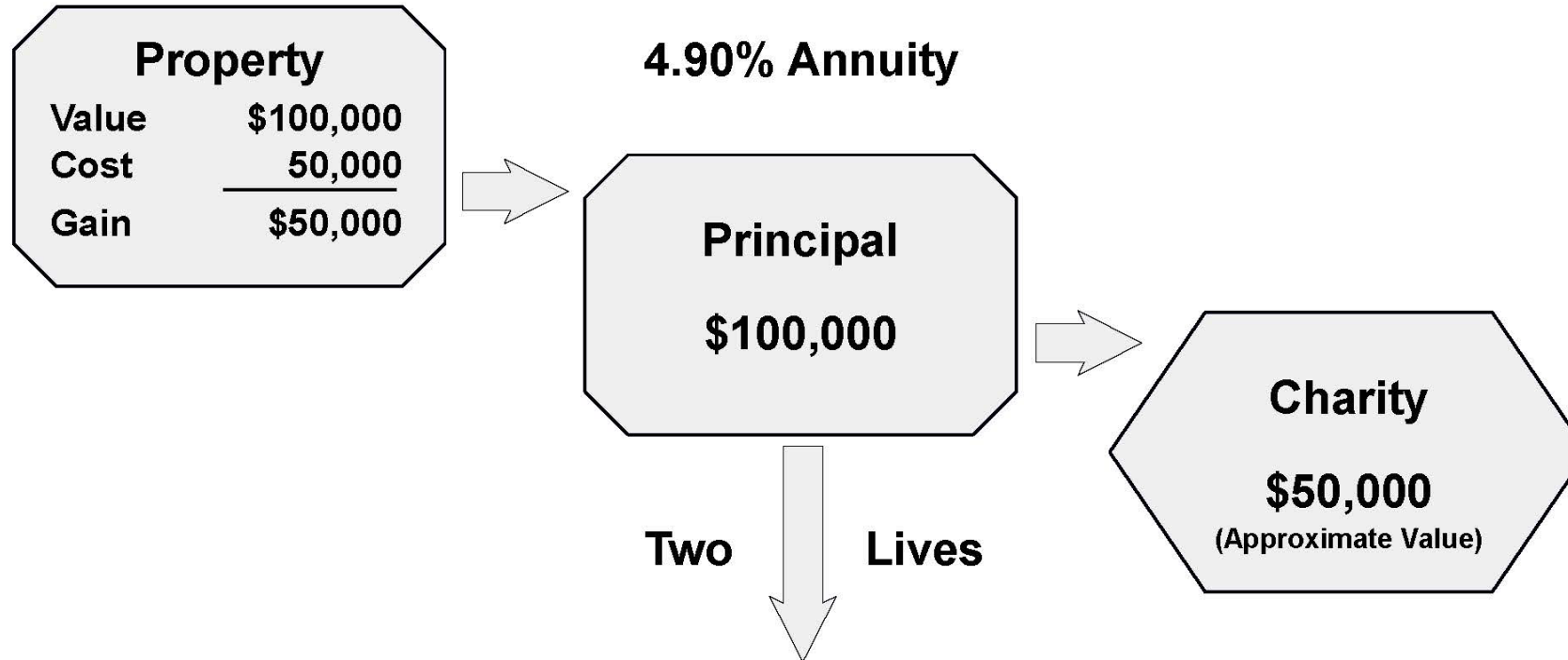
CGA Example for Jim & Jane Smith

- Jim age 75
- Jane age 73
- They want a Two Life CGA
- Quarterly Payments
- Giving \$100,000 of appreciated Stock
- Stock has a Cost Basis of \$50,000



Charitable Gift Annuity

Jim Smith - Age 75 Jane Smith - Age 73



1. Gift property to charity. Partial bypass \$50,000 gain may save \$3,106. Income tax deduction of \$41,409 may save \$9,938.

2. Annuity of \$4,900.00 for two lives. Tax-free amount \$1,702.28. Estimated two lives payout of \$104,860. Effective payout rate 6.3%.

3. Quarterly payments for two lives. Property passes to charity with no probate fees. There are also no estate taxes, if married.



CGA Payment Taxation

1. Ordinary Income

CHARITABLE GIFT ANNUITY - INCOME TAXATION					
Prepared For <u>Jim and Jane Smith</u>			Annuity \$4,900.00 Char. Gift \$41,409.23 Capital Gain \$29,295.38 Basis \$29,295.39		
	TOTAL AMOUNT	\$100,000.00			
Years	ORDINARY INCOME	CAPITAL GAIN PAYOUT	TAX FREE RETURN	CUMULATIVE CAPITAL GAIN	CUMULATIVE TAX FREE
2018	\$631.41	\$719.59	\$719.17	\$719.59	\$719.17
2019	1,494.50	1,703.22	1,702.28	2,422.81	2,421.45
2020	1,494.50	1,703.22	1,702.28	4,126.03	4,123.73
2021	1,494.50	1,703.22	1,702.28	5,829.25	5,826.01
2022	1,494.50	1,703.22	1,702.28	7,532.47	7,528.29
2023	1,494.50	1,703.22	1,702.28	9,235.69	9,230.57
2024	1,494.50	1,703.22	1,702.28	10,938.91	10,932.85
2025	1,494.50	1,703.22	1,702.28	12,642.13	12,635.13
2026	1,494.50	1,703.22	1,702.28	14,345.35	14,337.41
2027	1,494.50	1,703.22	1,702.28	16,048.57	16,039.69
2028	1,494.50	1,703.22	1,702.28	17,751.79	17,741.97
2029	1,494.50	1,703.22	1,702.28	19,455.01	19,444.25
2030	1,494.50	1,703.22	1,702.28	21,158.23	21,146.53
2031	1,494.50	1,703.22	1,702.28	22,861.45	22,848.81
2032	1,494.50	1,703.22	1,702.28	24,564.67	24,551.09
2033	1,494.50	1,703.22	1,702.28	26,267.89	26,253.37
2034	1,494.50	1,703.22	1,702.28	27,971.11	27,955.65
2035	2,235.99	1,324.27	1,339.74	29,295.38	29,295.39
2036	4,900.00	0.00	0.00	29,295.38	29,295.39
2037	4,900.00	0.00	0.00	29,295.38	29,295.39



CGA Payment Taxation

1. Ordinary Income
2. Capital Gain Payout

CHARITABLE GIFT ANNUITY - INCOME TAXATION					
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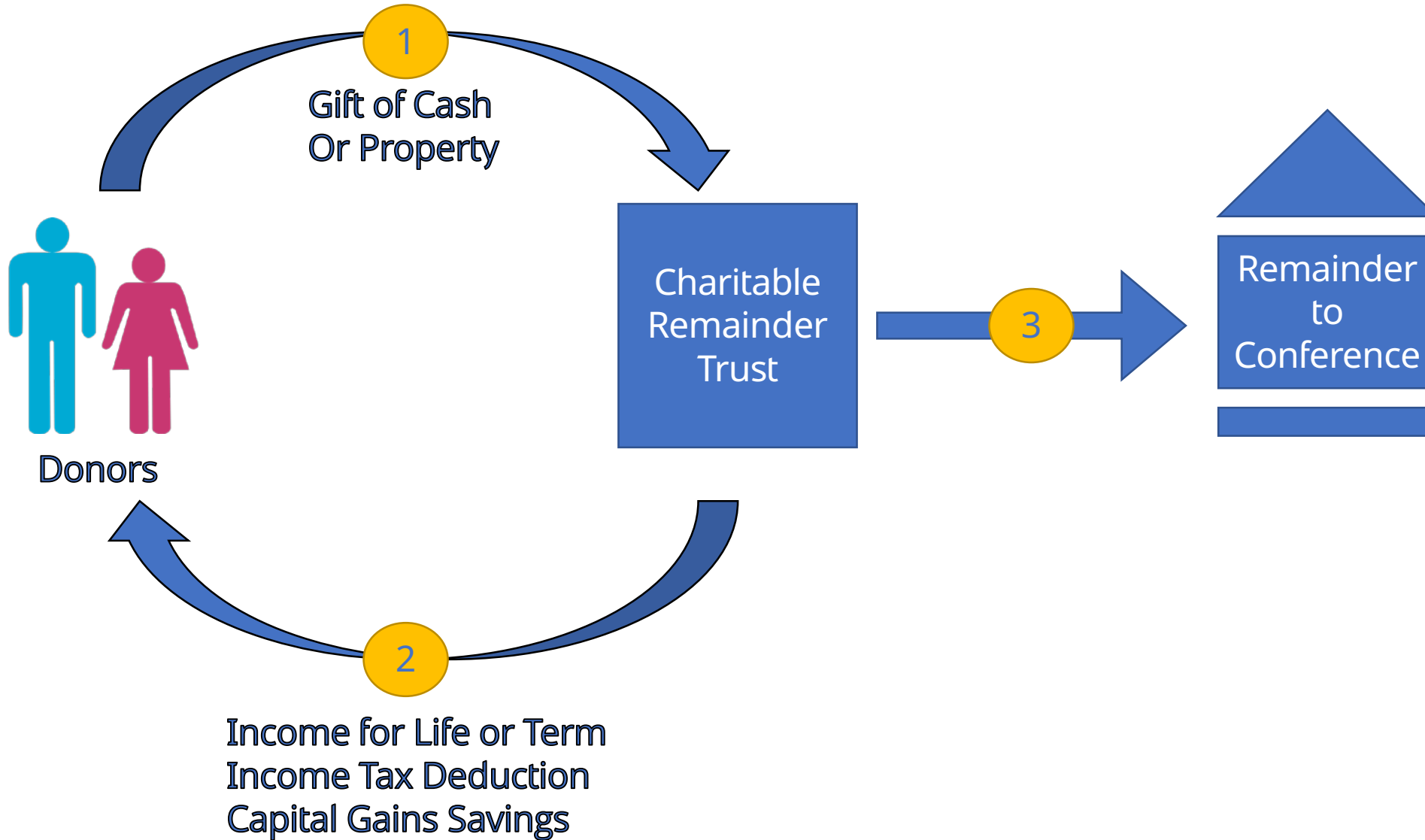
CGA Payment Taxation

1. Ordinary Income
2. Capital Gain Payout
3. Tax Free Return

CHARITABLE GIFT ANNUITY - INCOME TAXATION					
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2036	4,900.00	0.00	0.00	29,295.38	29,295.39
2037	4,900.00	0.00	0.00	29,295.38	29,295.39



Charitable Remainder Trusts



CRUT



CRAT



Charitable Remainder Unitrust

- Annual payment based on % of Current Asset Value
- Payments can fluctuate
- Can hedge against inflation
- Unlikely to exhaust all funds

VS.

Charitable Remainder Annuity Trust

- Annual payment Fixed % of Original Asset Value
- Payments remain the same
- Susceptible to Inflation risk
- Could exhaust all funds





Charitable Remainder Trusts

- Trust Makes Payments
- Wide Variety of Options
- Complicated to Create and Manage
- Usually Starts at \$100,000

VS.

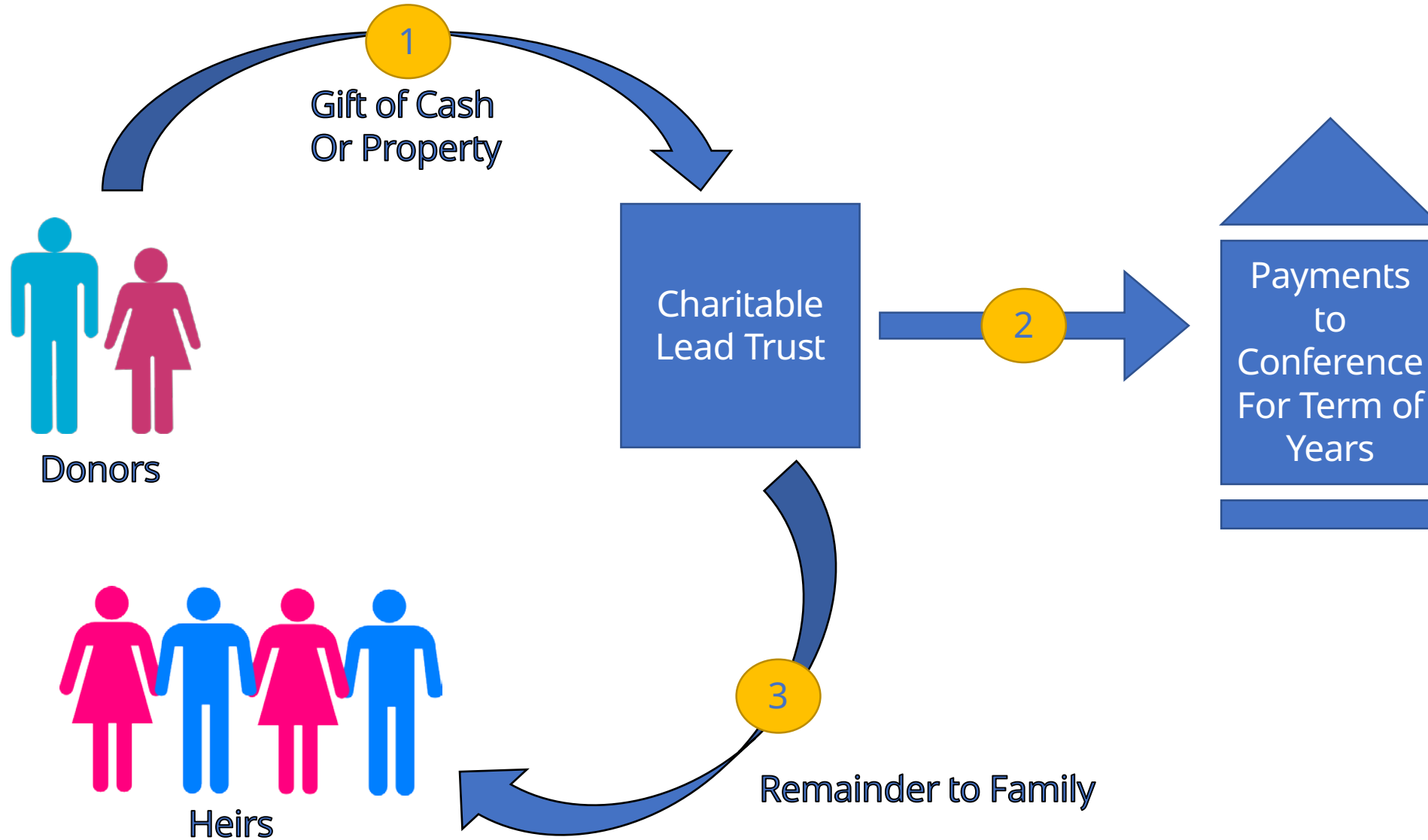


Charitable Gift Annuities

- Conference Makes Payments
- Small Number of Options
- Easy to Create and Manage
- Usually Starts at \$10,000



Charitable Lead Trusts



Bequests in a Will or Trust

- Most Common Form of Estate Gift
- Can be a Specific Amount, e.g. \$10,000 to SDA Conference
- Can be a percentage of the remainder estate, e.g. 10% of the remainder to the SDA Conference
- Can be a specific asset, such as real estate



Named Beneficiaries

- Retirement Accounts (IRA, 401(k), 403(b), etc.)
- Bank Accounts (Savings, CDs)
- Investments (Brokerage Accounts, Annuities, Mutual Funds)
- Real Estate (Transfer on Death Deed)
- Life Insurance



Lifelong Giving



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Blended Gifts

- Donor Centric
- Give Something Now and Something Later
- Uses a variety of gifting options to accomplish the donor's goals
- Allows the donor to give transformational gifts that they may not have been able to give otherwise



Create an Endowment Now Using Your IRA

Quasi Endowment Now

- Create an Endowment to fund your favorite ministry
- Fund it annually with an IRA QCD



Fund Endowment Later

- Name the SDA Conference as beneficiary of your IRA
- Restrict the funds to be used to fund your endowment



50/50 Gift of Real Estate For Conference Camp Improvements

Improvements Now

- Give Real Estate to the SDA Conference
- Stipulate 50% of the sale proceeds are to be used for Conference Camp Improvements now

Improvements Later

- Use the other 50% to establish a CGA to benefit you and your spouse for the rest of your lives
- Restrict the CGA remainder amount for future Conference Camp improvement projects





Thank you!

