GIVE MORE ABUNDANTLY, PAY LESS TAXES

We are commanded to be good stewards of the resource given to us. The US tax code can either encumber our giving, or we can use it to our best advantage to support the Lord's work. Giving cash directly from your checking account may not be the most optimal way to maximize your giving. Here are some items to consider when preparing your gifts to God's kingdom...

- Reducing federal and state income tax allows more for charity
- Certain gifts can avoid tax altogether
- Lowering your adjusted gross income (AGI) is better than a tax deduction
- Many IRS items key off AGI as well as Medicare surcharges

Here at SOW Ministries, our team is ready to help. We can walk with you through your gift planning process, and help maximize your gifts.

- SOW can establish dedicated donor account in church ledger
- SOW can accept direct gifts of securities with an Invest account at Ameritrade
- SOW can be named in a legacy gift
- SOW recommends you talk with your own tax advisor before implementing any of the ideas in this brochure.

This information has not been prepared or reviewed by a tax advisor. The suggestions in this document are based solely on the experiences and ideas of a cheerful giver. Always consult a tax advisor before making any tax decisions.

Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.

2 CORINTHIANS 9:7

SOW
MINISTRIES
Serving Orphans & Widows

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Four ways to leverage your giving

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FOUR WAYS TO LEVERAGE YOUR GIVING

STRATEGY 1

Direct Gift of Appreciated Securities or Property

This is the most powerful strategy and can easily be done by anyone who owns appreciated stock.

- Transfer shares directly so they don't show up as AGI
- The full value of the securities on date of transfer is your charitable gift
- Maximum value going to charity, versus liquidating first and giving net cash
- Could be $2,000 to $4,000+ benefit on a $10,000 gift

STRATEGY 2

Donor Advised Fund

This approach is an immediate tax deduction. It works very well for a large one-time gain, that you want to give over time.

- Schwab, Fidelity and others have special programs to facilitate; Charityvest.org is a low-cost facilitator doing same thing
- Open under the institution's charitable umbrella
- Transfer into this account appreciated securities like Strategy 1
- Make donations over time (can be years) to the specific charities
- Charity does not need investment account to accept securities

STRATEGY 3

Qualified Charitable Distribution from your IRA

If you are over 70.5 years of age, you can give money directly from your IRA to a charity.

- IRA administrator sends them a check directly
- Directly is key; this distribution excluded from AGI
- No charitable tax deduction, as the gift was pre-tax money
- Useful in years when not itemizing
- Helps keep one in lower Medicare bracket

STRATEGY 4

Gifting of an IRA to Charity

Naming a charity as your IRA beneficiary is very tax efficient, easy to do, and avoids probate.

- Leaving an IRA to a non-spouse beneficiary has a number of complicated and cumbersome rules for the beneficiary
- A small IRA that isn't needed for your living expense makes a great gift
- Consider gifting while you are alive, via the Qualified Charitable Distribution process (see Strategy 3)
- *Special note - A beneficiary cannot gift an inherited IRA to charity without paying taxes*

ITEMS TO CONSIDER

There are many factors to take into consideration when trying to optimize your giving. Using multiple strategies is a wise approach. Here are some other things to consider:

- IRS Code is always changing, so consulting with an advisor is important
- The "Cares Act" created some one time opportunities for expanded giving
- Consider bunching gifts in one tax year to be able to itemize
- Planning is important when it comes to leveraging your gift wisely

Consult your financial and/or tax advisor before implementing any of these strategies.