

Blueprint for the Future

*Honoring our heritage
Expanding our mission
Serving God's People*

But just as you excel in everything—in faith, in speech, in knowledge, in complete earnestness and in your love for us see that you also excel in this grace of giving. Now finish the work, so that your eager willingness to do it may be matched by your completion of it, according to your means. For if the willingness is there, the gift is acceptable according to what one has, not according to what he does not have.

2 Corinthians 8, verses 7, 11-12

Smart Giving

The Blueprint for the Future committee leaders and members of the congregation have spent the last several weeks talking about what Highland means to them and how this community has touched their lives. So while we ask that your gift come from the heart, we fully expect you to make an intelligent and well informed decision. Below are some alternative ways to contribute to the Blueprint.

Gifts of appreciated securities

Donations of publicly traded securities or other investments that you have held for more than one year generally escape capital gains taxes and allow an income tax deduction based on the fair market value on the date of the gift.

For example, let's say you have \$10,000 worth of mutual fund shares that you bought several years ago for \$5,000. If you sold those shares today you would owe \$750 in taxes at the 15% capital gains rate. But if you donate those shares, Highland receives the full \$10,000, you avoid the \$750 tax bill, and you are able to deduct the full \$10,000 on your next tax return.

Another suggestion from Kiplingers Magazine: "What if you don't want to part with your investment? Give it away, anyway, and use the

cash you would have donated to re-invest. The maneuver is perfectly legal and simply wipes out the tax bill that's built up so far."

Distributions from a Qualified IRA

A provision in the 2006 Pension Protection Act, allows individuals that are over 70 ½ to make cash donations to a qualified non-profit organization such as Highland Presbyterian directly out of your traditional or Roth IRA and receive a 100% deduction on your distribution.

According to SmartMoney.com, here is what you need to know: "Eligible Distributions - To qualify, your distribution must be a "qualified charitable distribution." This means a payment of an otherwise taxable amount, by the trustee of your traditional or Roth IRA, directly to a qualified public charity. A qualified charitable distribution from a traditional IRA counts as a payout for purposes of the required minimum withdrawal rules.

The new qualified charitable distribution rule is only available for IRA payouts during 2007. No more than \$100,000 can be treated as qualified charitable distributions. If you fail to use up your entire \$100,000 privilege this year, you won't get another chance unless Congress extends the break."

Gifts of real estate or other assets

Many real estate holdings have appreciated greatly in recent years and may be subject to capital gains taxes if sold. Donation of real estate directly to the church or through the use of a charitable remainder trust often minimizes these taxes and generally provides an income tax deduction.

Forgo Interest Income

Younger members and families may not feel comfortable making large contributions to any charitable organization given future demands (children's education perhaps chief among them). However, you may

consider designating the income from your savings or a portion of your investments to the Blueprint.

For example, \$75,000 of savings, if invested at a rate of say 5.5% will generate \$4,125 per year in interest income. Over 3 years this comes to \$12,375. Your original investment remains intact, although with slightly less purchasing power 3 years hence, and you get to take the deduction on your taxes.

Other Tools

There are a variety of other mechanisms at your disposal to consider Highland Presbyterian and other charitable organizations in your long term giving plans.

- **Charitable Trusts** – These come in a variety of types but generally can provide income to a designated charity during your lifetime and revert to you when the term ends (charitable lead trust) or provide income to you and your family during your lifetime (charitable remainder trust) and after death, the remaining value of the trust passes directly to the church. You may defer, reduce or eliminate capital gains tax otherwise due on sale of the assets and also may receive an immediate charitable income tax deduction on the remainder interest of the property that passes to the church.
- **Charitable Gift Annuity** – You can transfer money or property to a selected charity in exchange for a fixed income for your and/or a survivor's lifetime. Generally, you can receive a charitable income tax deduction for the difference between the market value of the gift and the value of the retained annuity.
- **Life insurance** – You can purchase and gift a new contract to a charity, or gift an existing contract. The contract's value and premiums, gifted to the charity, may qualify you for an income tax deduction. Upon your death, the insurance proceeds go to the charity.
- **Donor-Advised Fund** – Administered by a community foundation, allows you to play an active role in the grant-making process, while foundation staff perform the administrative chores. You (or a

person you designate) recommend grants from the fund to the charities of your choice—at any time.

These are some of many creative ways to give in a way that makes sense for you, your family and your particular circumstances. Please see your tax accountant or financial advisor for additional information. Additional information can also be found through the Presbyterian Foundation at <http://www.presbyterianfoundation.org/>.