



CHARITABLE STEPS YOU CAN TAKE TO HELP REACH UNREACHED PEOPLE WITH THE GOSPEL

Charitable Benefits — Expanded and Extended — Available Through December 31, 2021.

1. Cash is King! The 100% AGI deduction benefit applies specifically to outright cash contributions, but you can stack cash and non-cash gifts together to reach this maximum deduction limit. This is the best time to move future years' charitable gifts and apply them generously in 2021, since the charitable deductions carryover of five years still applies.

2. Charitable IRAs Booming for Boomer Generation (born between 1946 and 1964)! The RMD is back for retirement accounts,* for account holders 72 and older. Qualified Charitable Distributions (QCDs) are also back for people 70½ or older who can give up to \$100,000 tax-free through a direct charitable IRA transfer to a qualified charity like Jesus Film Project®. Unlimited IRA (retirement account*) withdrawals are fully available once you reach 59½ years of age, so whatever you withdraw and give away, dollar for dollar, you maximize the 100% charitable deduction limitation. Use appreciated IRA assets as income now to plan ahead for your future years' contributions; place them in 2021 and enjoy the highest deduction with five years of carryover.

*Includes other types of retirement accounts.

3. Appreciated Non-Cash Assets Really Stack Up! Appreciated, non-cash gifts like securities, business interests and real property made outright to a Donor-Advised Fund, to a charitable gift annuity or to a charitable trust enjoy only the 30% AGI deduction limit. To reach the 100% deduction limit this year, make outright cash gifts from some of your sale income, liquidation of stocks that have taken losses, or once again use IRA withdrawals after age 59½ to make additions to your Donor-Advised Funds (a 60% AGI deduction limit for cash additions) and/or directly to a single ministry fund like Jesus Film Project for the highest deduction limit.

4. Accelerating Your Legacy Now! The IRS discount rate of 1%, coupled with highly appreciating, income-producing family assets, is the perfect marriage for creating a Charitable Lead Trust to fund an Endurance Fund or even a Cru® Donor-Advised Fund with zero administrative fees. We can help start the conversation with you and provide template documents for your advisors, all without any start-up costs to you!

Editor's Note: As you read through this charitable giving guide, take a moment to reflect. Ask yourself, How might I give and what is the best way(s) to give in the current environment for the greatest impact now versus later when I don't exactly know what later will hold.

As you look through these options that are available and discuss them with your planner(s) and spouse, you might also want to consider the following:

POINT #1: In-Depth Perspective: With the 2021 CARES Act seek to take full advantage of any, and all options available to you. Given the imminent tax plan proposed in Washington and by Congress, take necessary steps to ensure that you are in the best position to steward your God-given resources. We don't know all the specifics on the pending legislation yet, but taxes will go up and up for many people. Leverage your opportunities, especially charitable ones, to reduce future liabilities.

POINT #2: In-Depth Perspective: Maximize gifts from your Individual Retirement Account(s) now by using these appreciated assets to give to charity and to your family through the Qualified Charitable Distribution (QCD) provision. Use for charity and elective withdrawals that are not penalized at 59½ years and older for charity and family. Make use of your annual gift exclusion that is now \$15,000 per individual gift. Consider also converting traditional (taxable) IRA fund balances over into the tax-free Roth IRA where you pay the taxes now versus later. Also look into the gift of

an IRA from your estate into a charitable trust instrument for you and your spouse only, not the next generation. It's the worst possible asset to pass directly to your children or grandchildren. Required Minimum Distributions (RMDs) are back in play for 2021 and QCDs are still available. If you are over the age of 59½, you can still make any withdrawal amount you desire from your retirement funds without the "mandatory limit" or early withdrawal penalties. Even though you incur income taxes on this income, they are mitigated and offset by three actions:

- (1) Using the cash withdrawal to make your charitable gifts for the balance of 2021.
- (2) Using the cash to redirect to and set up a Roth IRA that provides an immediate income tax deduction as well as future, tax-free benefits on what you draw out later.
- (3) Using the cash withdrawals from your retirement account to establish a guaranteed, fixed stream of income (for a current or deferred start date) through the charitable gift annuity or a charitable trust that provides life income to you and your spouse.

A charitable gift annuity or a charitable trust provides you with an immediate charitable income tax deduction, along with favorable, tax-advantaged payments for the rest of your and a loved one's lifetimes up to two lives.

An important feature your advisor or investment broker may not have shared yet with you is that Individual Retirement Accounts, when written into the tax laws that govern them, were never meant to be wealth-building and preservation tools passed on to the next generation. This is why you see extreme taxation penalties for retirement assets being passed to your family heirs through your estate. Uncle Sam never intended for you to shore up your children's and grandchildren's futures after your own through a retirement account meant to take care of only you and your spouse.

The strategic and generous moves for individual retirement account holders is to evaluate what you want to begin withdrawing now without exorbitant penalties and convert to cash for making additional gifts in 2021. Move your income toward a tax-free Roth IRA and/or into charitable investments like Jesus Film Project® for accelerating the work of the gospel while paying you and your loved one an income for your lifetimes.

Finally, the CARES ACT still benefits older givers. At age 70½ or older, you can utilize the Qualified Charitable Distribution election on your IRA. The QCD IRA gift allows you to give up to \$100,000 directly to charity as a non-taxable event to you against your income. This gift does not apply toward the 100% AGI deduction limitation, but it still is a perfect strategy!

POINT #3: In-Depth Perspective: Stacking up the 100% AGI deduction limitation with Non-Cash Assets. A basic tenet with gifts of non-cash assets, is that giving an appreciated asset outright before sale is more beneficial than selling before gifting the cash proceeds. Appreciated, non-cash assets like marketable securities, real property or business interests are ideally the right assets to evaluate as gifts "in kind" (prior to contemplating a sale or nearing a sale contract already in process) simply because they give you the double benefit of a charitable deduction for the full fair market value in addition to typically avoiding capital gains tax otherwise due on a sale. In some cases, and with the evaluation of your circumstances with your professional advisors, you may wish to sell the asset and give cash proceeds, especially in this year of the 100% AGI deduction limitation. If you have already sold an appreciated asset during 2021 and are concerned about capital gains tax or inflated ordinary income tax due, these can be easily mitigated by turning some of your sale proceeds around into a charitable investment such as an outright gift for immediate impact.

What happens though when a non-cash asset has depreciated in value? In this case, it is better to sell first and take the loss on the asset and utilize the cash proceeds for reinvestment. This way, you enjoy a deduction for your reported losses paired with a charitable deduction for making gifts from your proceeds that qualify at the 100% deduction limit.

Anytime you are evaluating the diversification and/or liquidation of your non-cash holdings, it is a great idea to treat inflated income events as generosity opportunities to accelerate the Great Commission through a Cru® ministry like Jesus Film Project® or missionary staff members.

POINT #4: In-Depth Perspective: One last, particularly strategic use of income-producing, highly appreciating assets is the Charitable Lead Trust. Given the current environment and the very low IRS discount rate of 1.0% just announced for

the month of September, the Charitable Lead Trust (CLT) is a great way to accelerate generosity. Appreciating and income-producing assets of a business or family that are intended to be passed to the next generation are basically placed into this trust, giving the charity the “lead income” for a period of years prior to the property/trust reverting to next-generation heirs.

The Charitable Lead Trust is a wonderful way to frontload a Donor-Advised Fund or Endurance Fund for a period of time, benefitting Jesus Film Project® more immediately until you are ready for your heirs to receive these assets. At that time, the new valuation and basis is stepped up sufficiently, helping to offset transfer and inheritance tax scenarios that are usually crouching at the door. This very thoughtful gift plan is the best marriage of two wonderful charitable tools for training and equipping the next generation in the stewardship and generosity values your family holds dear.

Caveat: Always consult your tax planner and other kingdom-minded advisors before you make decisions or take specific actions.

If you need help, or just a second opinion, our team of planning professionals with the Cru® Foundation is ready to serve. There’s no cost or obligation for the portfolio of top-drawer services they provide. They are here to serve you, as a friend of the ministry. Kathleen (Katie) Brubaker, J.D. or any of the others are available; simply call 800-449-5454, or email info@crufoundation.org. Feel free to reach out today.