

Keys To Effective Charitable Giving

GIFT OF PART OF A BUSINESS

Your profitable business could serve as a means to lower your income taxes. Business ownership could provide you with an opportunity for giving that you may not have realized. You can gift a portion of your business to charity each year and receive a valuable income tax deduction. This deduction allows you to keep more money in your own pocket—money which can be used to reach your personal or family goals, or for additional charitable giving.



How could it work for you?

You can contribute shares of your business with a value of 30% of your Adjusted Gross Income (AGI). (This might represent a 2% or 3% share of your business.) The 30% A.G.I. is the maximum amount of appreciated property you can donate and write off in a given year.

Without giving up control of the business, you can give a percentage of the business to ministry and receive an income tax deduction each year. Tax savings are immediate by reducing quarterly estimates. Improved cash flow can be used to reinvest in the business or to create new, current gifts to your ministry projects. This creates yet another tax deduction.

A typical example:

Mr. Lee owns a business worth \$5 million, has an A.G.I. of \$350,000, and is in the 33% tax bracket. He can donate \$105,000 of his business, which is a 2% interest. He receives an income tax deduction of \$105,000 thus reducing his income tax liability by \$34,650.

When the business is sold, the charity would receive cash for their interest in the business. Capital gains taxes would be reduced to the extent that a portion of the business has already been given away. If one desired to keep the business in the family, the family could buy back that portion of the business from the charity.

The gift of a portion of a business could be an additional means for you, as a business owner, to improve your tax position, enhance your overall stewardship and obtain additional resources to further your personal and charitable goals.

To learn more, please contact Michael Wynn, our representative with Cru® Foundation of Campus Crusade for Christ, Inc. Michael can show you how you and your business might benefit from this and other tax-wise strategies. You can reach Michael by calling toll free (616) 836-8120, or email him at michael.wynn@cru.org.