

Maximize Your Kingdom Impact: Ways to Be a More Effective Steward

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What You Will Hear Today

- Highlights of Tax Cuts and Jobs Act (TCJA)
- Aspects of Asset Giving
- Five Specific Gift Strategies
 - Outright Asset Gift
 - Gift/Sale
 - Qualified Charitable Distribution (QCD)
 - Donor Advised Fund (DAF)
 - Pooled Income Fund (PIF)
- Estate Design Service
- Questions & Answers



Highlights of TCJA

- Personal tax brackets—still seven but reduced rates*

- 10% → 10%
- 15% → 12%
- 25% → 22%
- 28% → 24%
- 33% → 32%
- 35% → 35%
- 39.6% → 37%

Upper income end of bracket the same

Upper income end of bracket increased

- Personal exemptions—repealed*
- Child Care Credit—increased from \$1,000 to \$2,000 per qualifying child under 17
- Standard deduction—nearly doubled*

* Sunsets after 2025

Highlights of TCJA

- Itemized deductions
 - Charitable cash contributions—50% → 60% of AGI*
 - State and local taxes (SALT) limited to \$10,000*
 - Interest expense—up to \$750K of new acquisition debt (principal residence + 1 other)
 - Medical expenses—out-of-pocket in excess of 7.5% of AGI for 2018; 10% of AGI in 2019 & beyond
 - Misc. expenses—eliminated*
 - PEASE limitation—repealed*

*Sunsets after 2025

Highlights of TCJA

- Top Capital Gains tax rate—unchanged at 23.8% (20% + 3.8% Net Investment Inc Tax)
- Income from pass-through businesses
 - Provides 20% deduction (maximum rate of 29.6%)
 - Limited for personal service income > \$315K*
- Estate Tax—top rate -> 40% on estates above \$11.18M (\$22.36M couple); inflation indexed*

*Sunsets after 2025

TCJA and Charitable Giving Summary

- Enhanced. . .
 - Charitable Deduction
 - Gift and Estate Tax Exemption
- Preserved. . .
 - Gifts of Appreciated Assets
 - Gifts directly from your IRA
 - Split-Interest Gifts of Assets
- What about non-itemizers?



Definition of Asset Giving

- Often, when we talk about charitable giving, we think ... and give ... from only our checkbook or cashflow.
- On average, however, Americans typically hold less than 10% of their wealth in cash. Most hold more than 90% in non-cash assets such as securities, retirement plans, real estate, businesses, etc.

Biblical Perspective on Asset Giving

- Most giving in the Bible was asset giving.
- Biblical characters had more assets to give than cash and so do Christians today!
- The Holy Spirit can lead Christians from a tithe -> offerings -> cheerful giving -> sacrificial giving -> generous giving from our assets.
- Generous giving mirrors the heart of God.
- Generous giving reflects a life of worship.

Various Categories of Asset Giving

- Securities
 - Stock, bonds, mutual funds
- Retirement Assets
 - IRA
 - 401(k), 403(b), etc.
- Real Estate
 - Residential, Vacation
 - Commercial
 - Rental
 - Farm, Ranch
 - Mineral Rights



- Business Interests
 - Partnership
 - C-Corp
 - S-Corp
 - LLC
- Collectables
- Life Insurance

Gift Strategy #1

Outright Asset Gift

The Situation

- Long-term donors
- Entrusted by the Lord with pristine and highly appreciated parcel for keeping horses
- Spent weekends riding with children
- Children have grown, horses are gone, land is vacant
- Want to spread the Gospel to an unreached people group

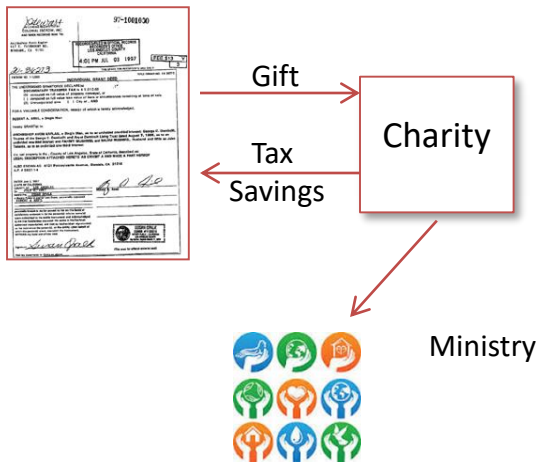


Ed and Donna
Tate

What can they do? Outright asset gift

Outright Asset Gift

Ed and Donna deeded the property to Wycliffe, received an income tax deduction of the property's appraised value, avoided capital gains taxes, and had the immense satisfaction of making a significant gift to the work of spreading the Gospel to reach those who have yet to hear God's life-transforming Word!



Property Value:	\$200,000
Capital Gains:	\$175,000
Income Tax Deduction:	\$ 200,000
Tax Savings:	\$ 60,000
Capital Gains Tax Savings:	\$ 40,000
To Ministry:	\$200,000

Stated Ed, *"We never thought we could make a gift of the size and magnitude that we did. God provided us with a beautiful asset from which we had many years of enjoyment. And now, He is using the proceeds from the gift of that asset to reach people for Christ...we are so blessed!"*

Gift Strategy #2

Gift/Sale

The Situation:

- Blessed with a vacant lot that adjoins a business they own
- The lot
 - has greatly appreciated in value
 - is very marketable because of its prime location
- Committed to kingdom giving
- Want to give from net worth

What can they do? Gift/Sale

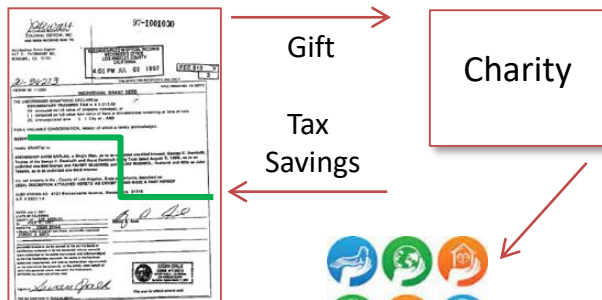


Tom and Gerry Chen

Gift/Sale

The Solution: Gift/Sale

- Had property appraised
- Had TCF calculate gift % to zero out taxes
- Deeded an undivided interest to TCF
- Received an income tax deduction and by pass of capital gains



Ministry

Property Value:	\$ 1,600,000
Basis:	\$ 600,000
Capital Gains:	\$ 1,000,000
Portion Gifted:	\$514,500 (32.2%)
Portion Sold:	\$ 1,085,500
Taxes saved on Charitable Ded:	\$ 262,000*
Tax on Capital Gain:	\$262,000
Cash to Donor:	\$ 1,085,500

* **Caveat:** Check with CPA to make sure the “wash” will occur in year of gift ... or over 1 to 6 yrs

Gift Strategy--#3

Qualified Charitable Distribution (QCD)*

- **Why now?** An “above the line” (AGI) deduction; available w/o having to itemize
- **What is it?** A contribution made by the custodian or trustee of your IRA payable directly to a qualified charity subject to the following rules:
 - IRAs: traditional, rollover, or inherited; SEP & SIMPLE IRA (only if inactive). 401(k) and 403(b): **do not** qualify...you would need to first rollover into a IRA.
 - Up to \$100,000 per year**
 - Must be at least 70 ½ when distribution made
 - Cannot go to DAF, CGA, Sup Org, Split-interest trusts, or PIF

*Also known as IRA Charitable Rollover

**Any amount donated above your RMD does not count toward satisfying a future year's RMD

Qualified Charitable Distribution Case Study

The Situation:

- Joyce has made generous annual gifts to her favorite charities over the years.
- She is now 70^{1/2} and must begin taking her Required Minimum Distribution of \$25,000 for the current year.
- She does not need the income; her other investments provide adequate income.
- RMD payments are taxable as ordinary income .



Joyce Burke

What can she do? ... Consider Making a QCD.

Qualified Charitable Distribution Case Study

The Solution:

Instructs her IRA custodian to transfer \$25,000 from her IRA directly to one or more charities.

- Qualifies \$25,000 as non-taxable income
- Reduces her AGI and taxable income by \$25,000
- Saves \$6,250 in federal and state income taxes (assumed 25% combined rate)
- Makes a significant current gift to one or more charities without affecting her cash flow

Gift Strategy--#4

Donor Advised Fund (DAF)

The Situation:

- Invested discretionary, non retirement funds in various stocks over the years
- Desire to donate some stock to support their church and several ministries
- Want to avoid 30% capital gains tax if they sell the stock

What can they do? Create a DAF

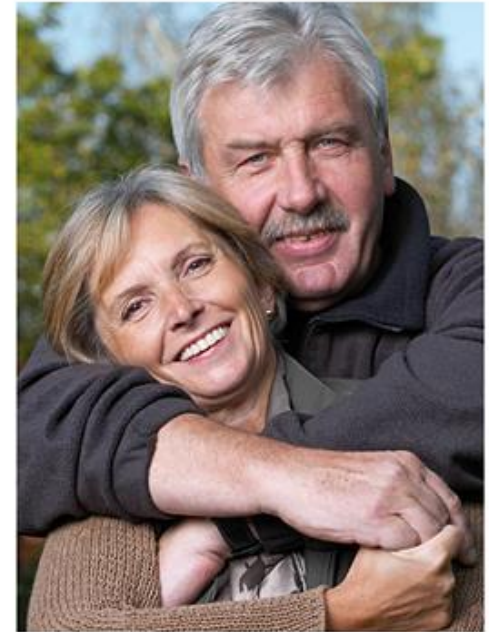


Sam and Roberta
York

Donor Advised Fund (DAF)

The Solution:

- Establish the “Sam & Roberta York Fund” using a DAF; contribute appreciated stock to the fund.
- Receive an income tax deduction for the current value; bypasses federal and state capital gains taxes.
- Make grants to their church and other ministries once stock sells.
- Gift additional appreciated stock into the fund, receiving the same tax benefits.



1. Establish account*
2. Gift cash or assets
3. Receive tax deduction
4. Grant gifts

*\$5,000 to start DAF with TCF

Key Features & Benefits of a DAF

- Consolidate & Maximize your giving.
 - Give gifts of cash & appreciated assets
 - Larger gifts to DAF can be distributed to multiple charities
- Engage your family and nurture their generosity.
 - Involve next generation(s) in grant-making decisions
 - Designate a successor adviser to continue your legacy
- Incur benefits of private foundation with no hassles.
- Give with anonymity at two levels.
- Change beneficiaries easily!

Gift Strategy #5

Charitable Pooled Income Fund (PIF)

- Donations from multiple donors are pooled and then commingled in the fund.
- Donors receive apportioned units similar to a mutual fund.
- The fund generates variable annual income; paid out to donor in proportion to their units.
- Payments are for one or two lives only.
- At termination, remaining balance goes to Cru

Charitable Pooled Income Fund Case Study

The Situation

- Own appreciated stock worth \$100,000
- Cost basis of \$25,000
- Dividend of 1% or \$1,000/yr.
- They desire:
 - By-pass of capital gain
 - A charitable deduction
 - A larger income stream

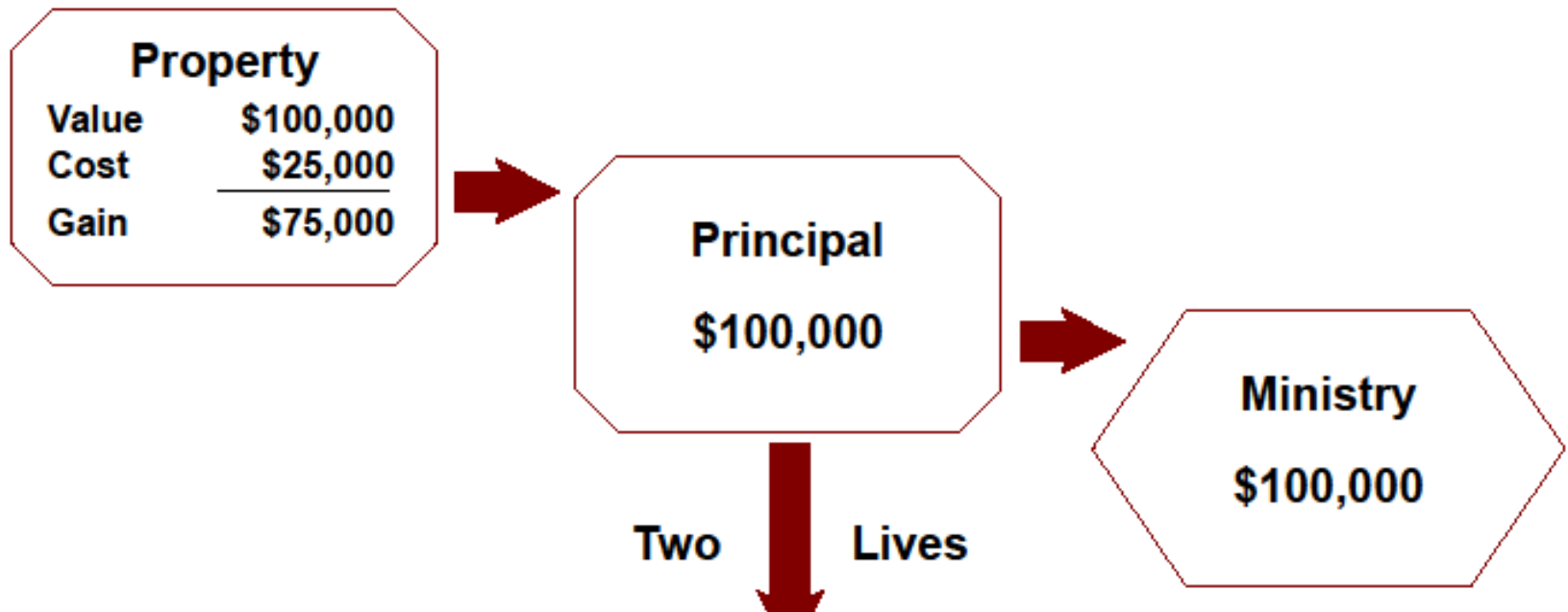


Tony and Jane
Jackson

What can they do? Create a PIF

Charitable Pooled Income Fund Case Study

Tony Age 74 Jane Age 71



1. Transfer and sell Tax-Free.
Bypass \$75,000 gain may save \$15,000. Income tax deduction of \$82,036 may save \$24,611.

2. Initial Income of \$5,000.
Increased income \$4,000 over prior \$1,000 income. Projected income over 22.9 years \$114,500. Effective return rate 6.63%.*

3. Quarterly trust payments may vary as pooled income fund changes. After two lives, trust passes without probate to selected charity.

When Might You Consider a PIF

If you want to ...

- Receive an immediate income tax deduction
- Increase the income on a low yielding asset
- By-pass the long-term capital gains tax
- Save on future probate & estate taxes
- Make a larger gift to kingdom work
- Diversify concentrated holdings
- Hedge against inflation
- Avoid complexity

Your Estate—A Fresh Look

- Does TCJA lessen need for estate planning? No!
 - Just further shifts the focus from taxes to achieving your family and ministry distribution goals.
- So, what if you die without a will?
 - You die “intestate” and the state where you reside determines your property distribution.
- So, what if you already have a will or estate plan, is it up to date?
 - Just like your car or your physical body, you need to do periodic check-ups on your estate plan.

Your Estate—A Fresh Look

- Review your Estate Plan every 3-5 years
- Specific “trigger points”
 - Children reach the age of eighteen
 - Divorce, marriage, or spousal death
 - Change in guardians, trustees, or executor
 - New people to name in will (e.g., birth, adoption)
 - **Children have become financially irresponsible, relationally estranged, or spiritually hostile**
 - Substantial change in value of your estate
 - New state laws or move to another state



Estate Design Service

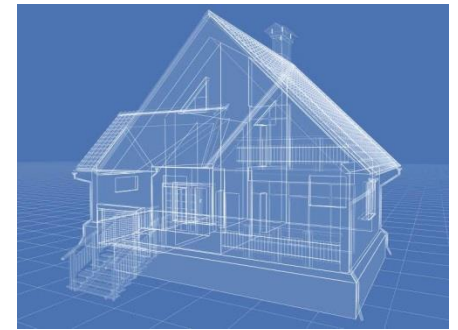
- TCF and Wycliffe offer this service to you, our ministry partners.
- This is our way of saying thanks for your partnership!
- We will listen to **what** you want to accomplish and **why**, and then **draft a blueprint** to show you **how** to achieve your estate planning goals.
- Your information is kept confidential, and there is never any cost or obligation to give.
- You may have multiple charitable interests. We let the Holy Spirit guide you in your choices.



Estate Design Service

- **If an Estate Plan is like building a house, then an Estate Design is like drafting the blueprint.**

- **Foundation:** Determine God's plan for the stewardship of your resources.
- **Roof:** Protect your children from things that cause them to be at odds with one another.
- **Framework:** Distribute assets with least amount of cost and time.



- **What are the other elements of an Estate Design? You will...**
 - Receive a comprehensive Estate Plan that will accomplish your wishes.
 - Be encouraged to seek out other competent professionals.
 - Become **“attorney ready”**.

May we be of service to you?

Please feel free to contact Jay or Michael. We look forward to the opportunity to be of service to you and pledge our finest efforts and complete confidentiality.

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Questions & Answers