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BENEFITS AT A GLANCE

Carefully choosing the right asset to give means you can support charitable interests, such as Global Ministries, while you also:

- Increase your income tax savings.
- Save capital gains tax.
- Make larger gifts at no additional cost.
- Create new sources of tax-favored income.
- Make better use of retirement plan assets.
- Reduce the impact of estate taxes.

A Giving Life



Photo: Paul Jeffrey

After Typhoon Bopha displaced people in Iligan, on the southern Philippines island of Mindanao, Ciony Ayo-Eduarte (yellow shirt), the director of operations in the Philippines for UMCOR, distributes emergency food supplies. Assisting her is Minnie Anne Calub (center), the emergency coordinator for the National Council of Churches of the Philippines.

“Mission changes people,” says Alice Trost, a longtime supporter of Global Ministries and the United Methodist Committee on Relief (UMCOR), “both the people you work with and yourself.”

Mission and mission giving have marked Alice and her late husband Bob’s lives. They met while serving in the US-2 young adult missionary program and continued to support mission—and Global Ministries—throughout their lives together.

Alice emphasizes that she and Bob “decided early on that while we wanted to [first] support the local church, we also wanted to give to things we care about.”

Supporting disaster relief through UMCOR; United Methodist missionaries; projects working on Palestinian reconciliation; and the special mission conferences, such as the Oklahoma Indian Conference, have always been important to them.

“Mission work is an inspiring part of our denomination,” she explains. As part of their giving, Alice and Bob recognized that they were contributing to something much larger than themselves. Alice acknowledges how giving to support mission programs is a part of our interconnectedness. “We need each other, and gain strength from Christians in other places.”

For their 50th wedding anniversary some years ago, Alice and Bob debated having a party or some other kind of celebration. Instead, “we decided we’d rather give to mission programs—we’d get more out of that than anything else.” So they celebrated their life of giving together by giving yet again.



Alice Trost

Enjoy Extra Tax Savings

Photo: Paul Jeffrey



Gary Moon (right), a United Methodist missionary in Thailand, prays with Kittapot Arjor before her baptism in a river near Buyer, a small village in northern Thailand. Arjor is joining the Pranetta United Methodist Church in the community.

When you give securities or other assets that have increased in value, you can often make your gift at a much lower cost than an equivalent gift of cash.

EXAMPLE

George and Susan Cole have decided to make a charitable gift of \$5,000. Their tax advisor suggests they give \$5,000 worth of publicly traded stock purchased several years ago at a cost of \$2,000. Although the stock has increased in value, it produces only \$50 per year in dividends.

The Coles' gift entitles them to a charitable income tax deduction. But for how much—\$5,000 or \$2,000? The full fair market value of the property (\$5,000), not its cost, is generally deductible under current law.

As an added benefit, they will not owe capital gains tax on the \$3,000 growth in the value of the securities.

Savings from the charitable deduction and the bypass of capital gains tax can be considerable. How much the Coles will save depends on their actual income and capital gains tax rates.

If the Coles sold the stock and gave the cash proceeds for charitable use, the capital gain would be taxable, potentially reducing the amount available to make their gift.

For this reason, they are able to give more at the same cost than if they had made their gift in the form of cash.

If you have owned stocks, bonds, or mutual funds for more than one year, your benefits may mirror the Coles'. If your deduction amounts to more than you are allowed by law to use in one year, the unused portion may be deducted in future tax years.

GIVE STOCK AND "KEEP" IT

If you want to make a charitable gift of a stock but think its value may increase in coming years, consider giving the stock and replacing it by repurchasing shares in the same company with the cash you would normally use to fund a gift.

You will then own the same security with a new, higher cost basis. If you sell the stock later, less tax will be due because you have given away earlier increases. If the stock declines in value in the future, you may then be able to benefit from a deductible loss.

FIVE TAX BENEFITS OF GIFTS OF SECURITIES

- Gifts of securities are generally deductible at fair market value, regardless of cost.
- Income tax savings can amount to 35 percent of the value of the security.
- Capital gains tax that would otherwise be due if securities were sold can be bypassed if they are donated.
- Gifts of appreciated securities can serve to offset tax on up to 30 percent of your adjusted gross income.
- Unused deductions can help reduce taxes for up to five future tax years.

Unlock Income While Making Gifts

If you have assets that have grown in value but produce little or no income, you may wish to consider plans that allow you to make charitable gifts, enjoy immediate and future tax savings, and also increase your spendable income.

FIXED OR VARIABLE INCOME

Depending on your age and other factors, the plan you select may feature generous fixed payments that never decrease. Or, you can choose from plans that provide an income based on the actual earnings of the donated assets, or a fixed percentage of the value of the assets each year. In either case, a portion of the payments you receive each year may be completely free of income tax or taxed at more favorable capital gains tax rates. Payments can be received for life or for another period of time you determine.

EXAMPLE

Bill Strong, age 62, will retire in eight years. He decides to establish a charitable remainder trust by making a gift of securities worth \$250,000. He will receive an income of 10 percent or \$25,000 per year for eight years, a total of \$200,000.

Mr. Strong enjoys a tax deduction of more than \$60,000 in the year of his gift. When his payments end at age 70, he plans to retire and replace the income through withdrawals from his retirement plan.

In addition, when the trust ends, its remaining assets become a gift to a charity Mr. Strong believes in.

He feels a great sense of satisfaction knowing that he has provided for additional income in the short term while also assuring a meaningful gift for charitable purposes.

Frequently Asked Questions

Q: Is it possible to make gifts of mutual funds, or must individually owned stocks or bonds be given?

A: Gifts of mutual fund shares are certainly welcome. Contact us and your financial services provider for additional information and/or the appropriate forms.

Q: What tax benefits come from giving assets that have been owned less than one year?

A: So-called short-term property is deductible as a charitable gift for the lesser of its cost basis or its current value. The increase in value in such shares will not be taxed, resulting in income tax savings of up to 35 percent on the growth in value.

Q: Can assets be given that have decreased in value?

A: Yes, but instead of giving the asset, consider selling it and giving the proceeds. This way, you may create a capital loss for income tax purposes, while making a deductible charitable gift of cash. Under these circumstances, you may actually be able to deduct more than the current value of the asset.



Photo: Mike DuBose

Peter Vasquez describes damage to his mother's home in the Staten Island borough of New York following Superstorm Sandy, where he has been ripping out waterlogged drywall and flooring. UMCOR has provided an immediate local response to those affected by Sandy's damage through trained Early Response Teams, disaster funds, and relief supplies.

Completing Your Gifts—the Next Steps

Photo: Adam Neal



Acción Médica Cristiana, a ministry supported by Global Ministries, works with marginalized Nicaraguan communities where many young children suffer from malnutrition. Dr. Belinda Forbes, a United Methodist missionary, coordinates a community-based, primary dental health program that serves children like the one pictured.

Once you have decided to give securities, consider these guidelines when making your gift.

GIFTS OF SECURITIES CAN BE EASILY ARRANGED

If your securities are held in a brokerage account, your gift may be completed by wire transfer to our account. In the case of mutual funds or other investments for which you do not hold a certificate, ask us or your financial services provider about the most effective way to complete your gift. Allow extra time for the transfer of mutual fund assets.

If you have stock certificates in your possession, send the unendorsed certificate in one envelope and a signed stock power form in another. The form is available from your financial services provider.

Many people make gifts of securities at the end of the year when they review their tax picture. This makes the timing of the gift especially important, as gifts must be completed by December 31 to assure savings on your tax return for this year.

OTHER GIFTS

If you have questions about other types of non-cash gifts, we will be pleased to assist you and your advisors as you consider the best ways to make your gifts.

Need more information?

Global Ministries/UMCOR's major gift and planned giving officer serves all those interested in receiving more information about planned gifts to UMCOR and Global Ministries, and has booklets covering a variety of topics related to gifts and financial planning. These are available at no cost to our friends and supporters. Please contact Tonya Treble for more information, or use the enclosed reply card.

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