

TAX GUIDE FOR DONATIONS

Advent appreciates your generous donations! To help you maximize the impact of your gift, we would like review the tax implications of various gift options that you might consider.



THINGS TO DO:

- Since Advent is a not-for-profit organization, you can avoid taxes on required minimum distributions (RMDs) from pre-tax saving accounts:
 - You can direct your RMD from your IRA to a qualified charity (this is known as a qualified charitable distribution, or QCD) and avoid tax on the distribution.
 - You can begin this strategy at age 70 ½ even if your RMDs begin later than that.
- For after-tax donations, consider pooling your multi-year tithe into a single donation. Add to this any special giving for the school capital campaign and create a Donor Advised Fund (this can be done through LCEF). You will claim this deduction in a single tax year thus allowing you to itemize your deductions vs. taking the lower standard deduction. Although the gift is made up front for tax purposes, you control the timing of future gifts and amounts. This is ideal for someone with higher taxes now vs. later.
- If you are in the process of converting pre-tax IRA money to a Roth IRA, consider upping your charitable donations in the year(s) you are converting to offset your higher income taxes in those years.
- Consider naming Advent as beneficiary on your pre-tax retirement accounts. Tax laws now require IRAs, etc. to be distributed over a 10-year period to most non-spouse beneficiaries making them less appealing vehicles for wealth transfer. Meanwhile a not-for-profit organization inheriting money from an IRA pays no tax on the inherited assets, maximizing the impact of your bequest, especially since the charity would likely put your money to work right away, vs. an individual beneficiary who would likely take the distribution over the full 10 years to minimize their individual tax impact.
- With after-tax donations, instead of donating cash, consider donating highly appreciated securities like stocks, ETFs, or mutual funds. By donating these securities, you can remove untaxed capital gains from your balance sheet. Since Advent is a not-for-profit, they will pay no taxes on the gain when they sell to use for your intended purpose.

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THINGS TO AVOID:

- Avoid taking money out of a Roth IRA for a donation to Advent since taxes have already been paid on those funds and you would be removing them from a tax-advantaged IRA.
- Avoid making contributions with after-tax cash if you are over age 70 ½ or are already taking a required minimum distribution (RMD) from your pre-tax retirement account. Instead, have those funds sent from your IRA directly to Advent through a QCD and avoid paying taxes on that distribution.
- If you plan to leave assets to both individuals and to charity, avoid naming individuals as beneficiaries on pre-tax savings accounts such as IRAs – instead, name individuals as beneficiaries on your after-tax assets which receive a step-up in cost basis (thus likely eliminating capital gains on those assets), or things like life insurance which transfer to heirs as tax-free.



DAN LATIMER
Stewardship Board
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For anyone who would like help determining the best way to support our school & church going forward, please reach out to Dan Latimer for more information at (317) 437-6893

Jesus said, **“Let the children come to me, and do not hinder them, for to such belongs the kingdom of God. Truly, I say to you, whoever does not receive the kingdom of God like a child shall not enter it.”**

-Luke 18:16-17



HELPFUL LINKS:

Lutheran Church Extension Fund – Advent gifting options which can provide tax advantages:

<https://lcef.giftlegacy.com/?pageID=10>

Lutheran Church Extension Fund guide for gifting Advent in your Will or Trust:

<https://lcef.giftlegacy.com/?pageID=11>

Required Minimum Distributions (RMD’s) for retirement savings, IRS guidelines:

<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds>

What the bible teaches about stewardship:

<https://www.biblestudytools.com/topical-verses/bible-verses-about-stewardship/#:~:text=What%20does%20the%20Bible%20say,creation%20for%20being%20our%20home>

Lutheran Church – Missouri Synod’s stewardship ministry resources:

<https://files.lcms.org/file/preview/t61LgMyeQbVQcehilEtXIbT74qtmUhgs>