Did You Know?

Generous giving can provide tax benefits.

Monetary Gifts

Monetary gifts are tax-deductible when you itemize your return. This means that charitable contributions reduce your taxable income, potentially lowering your overall tax bill. For many taxpayers, this can result in a significant tax savings.

Planned Giving

Planned gifts—such as bequests, charitable remainder trusts, or charitable gift annuities—can provide a tax benefit. By planning your gift now, you can make a meaningful contribution while also enjoying tax savings and securing your legacy for faithful generations to come.

Bunching Donations

If you typically give at or near the standard deduction amount, you might consider "bunching" your charitable contributions into one tax year. By combining multiple years' worth of donations into one year, you can exceed the standard deduction and take advantage of itemized deductions for that year. This strategy can be particularly useful for retirees or those who do not regularly itemize their tax return.

Appreciated Assets

Consider donating appreciated assets, such as stocks or mutual funds, cryptocurrency, land, or other assets that you've held for over a year. When you donate appreciated assets directly to the church, you potentially avoid paying capital gains taxes, which can be as high as 20%. Additionally, you can still claim a charitable deduction for the full market value of the asset.

QCDs from IRAs

If you are 70½ years old or older, you can make a Qualified Charitable Distribution (QCD) directly from your IRA to the church, up to $108,000 annually. The distribution counts toward your Required Minimum Distribution (RMD) and is not subject to income tax, which means you can reduce your taxable income without increasing your tax liability.

Matching Gifts

Many employers offer matching gift programs, which can double or even triple the impact of your contribution. If your employer offers a charitable gift matching program, don't forget to submit a matching gift request. It's an easy way to amplify your support and maximize tax benefits!

Please Consult with a Financial Advisor or Tax Professional: Every individual's financial situation is different, so we encourage you to consult with a financial advisor or tax professional before making significant charitable contributions. They can help you determine your specific situation and the most tax-efficient way to give and maximize the impact of your generosity.

Contact Information: For more information about giving options or to discuss your donation, please contact Donna at Finance@mcoc.org.

Monetary Gifts

Cash gifts can be deducted by itemizing your return

Scenario

Lisa is a young professional

Lisa is single and actively involved in the FOCAS group at Memorial. She is early in her career and has a steady income. She recently purchased a home and contributes to a Health Savings Account (HSA).

Lisa decides to contribute $1,000 to the capital campaign this year. Because Memorial is a registered 501(c)(3) nonprofit organization, Lisa can claim a tax deduction for her donation, assuming she itemizes her return.

Tax Benefits

Lisa can **deduct** $1,000 from her taxable income, which reduces the amount of income that is subject to tax.

If Lisa is in the 22% marginal tax bracket, this means she could reduce her tax bill by $220 (1,000 x 22%).

Additional Notes

This deduction only applies if she itemizes her tax return (as opposed to taking the standard deduction).

The donation to the capital campaign, along with her **regular contributions**, could add up to significant tax savings.

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Bunching Donations

Beneficial if itemized expenses are less than the standard deduction

Scenario

Jack grew up at Memorial and married Jill six year ago

Jack and Jill are a single income family with two children, one in Friendship School. They typically take the standard deduction because their total deductible expenses do not exceed the standard deduction threshold. However, they want to maximize their charitable giving to see the full master plan realized.

They are considering "bunching" their donations into one calendar year to increase their total deductions and itemize their return.

Tax Benefits

Jack and Jill have purposed in their heart to **give** $15,000 to the capital campaign.

In 2025 the standard deduction for married couples filing jointly is $30,000. Their normal deductions total $22,000.

By fulfilling their pledge in one tax year, they can increase their **total deductions** to $37,000, which exceeds the standard deduction threshold. If they are in the 22% marginal tax bracket, this could result in a $1,540 tax savings, ((Itemized - Standard) x 22%).

Additional Notes

This strategy is especially helpful for families or individuals where their itemized deductions are close to the standard deduction. Consider the **timing.** The purpose of "bunching" is to maximize the tax impact while spreading out the giving as far as possible. For example, if they gave half on 12/31/24 and the other half on 12/31/25, there is no tax benefit. However, if they gave half on 1/1/25 and the rest on 12/31/25 they gain the tax benefit, with just one day difference.

All things the same, they would revert to taking the standard deduction in future years.

Bunching may also work for other deductible expenses, such as property taxes, dependent care expenses, contributions to HSAs, medical expenses, or other items that would push the total itemized deductions over the standard deduction amount.

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REVIVE to THRIVE
Rebuilding for Service and Praise.

Qualified Charitable Donations from IRAs

Distributions are tax-free and giving can be itemized

Scenario

Tom is a widower, retired and taking required minimum distributions (RMDs).

Tom is 73 years old, has three grown children, and nine grandchildren. He wants to make sure that Memorial is a place that thrives for generations to come.

He has an IRA with a balance of $500,000. He is required to take minimum distributions (RMD) of $7,000 this year. Instead of taking the distribution as income, Tom decides to donate $7,000 directly from his IRA to the church.

Tax Benefits

Tax-free Rollover: The donation from Tom's IRA directly to the church satisfies his RMD but is **not taxable**.

By donating the RMD amount directly to the church, Tom can **avoid paying taxes** on the $7,000 withdrawal that he would otherwise have to report as income.

Further benefits: If he itemizes, this donation reduces his adjusted gross income (AGI), which can have other benefits, such as possibly **lowering the cost of Medicare premiums**.

Additional Notes

This strategy is only available for individuals aged $70^{1/2}$ or older.

QCDs only apply to Traditional IRA distributions and must be transferred **directly** to the charity.

A QCD can satisfy all or part of a required minimum distribution (RMD).

The maximum annual limit for 2025 is $108,000 per individual. Married couples can each donate the maximum from their own IRA, increasing the total to $216,000.

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Rebuilding for Service and Praise.

Appreciated Assets

Reduce capital gains tax and increase itemized deductions

Scenario

Harry and Sally are a dual income family with grown children

Harry and Sally are high earning professionals with an empty nest. They have a passion for acapella singing and are eager to renovate the worship space.

Over the years, Harry & Sally have invested part of their wealth in stocks and bonds in the open market. They own shares of a mutual fund worth $50,000 today that they originally purchased for $20,000. They decide they want to donate the appreciated shares directly to the church.

Tax Benefits

Avoid Capital Gains Tax: If they sold the stocks, they would have to pay taxes on the $30,000 gain (market value – cost basis). However, by donating the stocks **directly** to the church, they avoid paying any capital gains taxes, which are typically 20%, or $6,000 in this case.

Charitable Deduction: They can also **deduct** the full fair market value of the stock donation ($50,000) from their taxable income, assuming they are able to itemize deductions.

Example Calculation: If they are in the 32% marginal tax bracket, their donation could reduce their total tax obligation by $22,000 ($50,000 x 32% = $16,000, plus $6,000 of avoided capital gains tax). In this example, they get a 44% tax benefit on their generous contribution.

Additional Notes

The IRS allows taxpayers to deduct the fair market value of long-term appreciated assets, like **stocks or mutual funds, cryptocurrency, land, other property,** when donating to a qualifying organization, like Memorial.

Generally, assets held longer than one year are considered long-term assets.

This strategy is particularly beneficial for those who have appreciated investments, as it can reduce both income and capital gains taxes.

Charitable contributions that exceed the maximum deductible amount can generally be carried forward into the next tax year.

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Revive to Thrive
Rebuilding for Service and Praise.

Matching Gifts
Double your impact

Scenario

Freddie and Sarah are a dual income family of 5

Freddie, Sarah, and the kids spend a lot of time in the Family Center. Between Bible class, Bridge activities, Kingdom basketball, Fellowship meals, game nights, and various other activities, they are in the space multiple times a week. They are very excited about the proposed renovations!

Sarah works for a large corporation that **matches** charitable donations dollar-for-dollar, up to $5,000 per year. The family decides to contribute $5,000 to the Revive to Thrive campaign in addition to their regular giving.

Tax Benefits

Sarah's company matches her gift, meaning the church receives $10,000 in total.

Sarah receives a **tax deduction** for the full $5,000 the family donated.

Assuming they are in a 32% marginal tax bracket, that is a tax savings of $1,600, assuming they are able to itemize deductions.

Additional Notes

Matching gifts are the easiest way for donors to **maximize** their impact!

Check with your employer to see if they offer this incredible benefit.

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Planned Giving - Bequest

Leaving a legacy for future generations

Scenario

William and Kate are life-long members at Memorial

They are empty nesters in their late 60s. They want to make a lasting contribution to the church's capital campaign, but they are concerned about their financial needs in retirement.

They decide to include a bequest in their will, designating $200,000 for the church's capital campaign.

Tax Benefits

There is no immediate tax deduction by including a bequest in the will, but their estate will qualify for an estate tax deduction when the gift is made at the time of their passing.

The gift reduces the taxable value of their estate, which can lower any estate taxes due upon their passing.

This strategy allows donors to make a significant impact on the church's future without sacrificing funds they need today.

Additional Notes

We want Kate and William to worship and serve at Memorial for many years to come!

Capital campaign funds received in the distant future can help fund maintenance or other capital projects.

Bequests can also be made to the general fund which can support all ministry efforts long into the future.

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Planned Giving – Charitable Remainder Trust

A strategic way to give and receive

REVIVE to THRIVE
Rebuilding for Service and Praise.

Scenario

Jackie and John are part of a multi-generational family worshiping at Memorial

Jackie and John are nearing retirement. They own a rental property that has **appreciated** over time. They need the rental income for financial stability in retirement. They decide to establish a CRT, which is a tax-efficient tool that allows them to make a significant charitable contribution while continuing to receive income from the asset for a defined period of time.

It is important to Jackie and John to establish a legacy that ensures Memorial remains a beacon of light in Houston, TX, for many generations to come.

Tax Benefits

Capital gains tax avoidance: The property, valued at $1M, was purchased for $100k. They will avoid capital gains tax on $900k by transferring it into the CRT instead of selling it outright.

Immediate Tax Deduction: The present value of the charitable remainder is considered an income tax deduction in the year it's transferred to the CRT. The amount is calculated by deducting the annual income over the defined period from the market value of the asset. If the annual income is $40k for 20 years, that could be around a $400k tax deduction, using the IRS present value chart. (estimated)

Tax-Free growth: Assets in the CRT grow tax-free, allowing more value to accumulate over time.

Additional Notes

Retirement income: They will receive predictable income over the defined period. The income can be structured as an annuity trust (fixed amount per year) or as a unitrust (% of trust's value paid annually, variable)

Legacy Impact: At the end of the defined period, the income stops, and the remainder of the CRT transfers to the church. The value of the asset in the CRT may have appreciated, **maximizing** the impact of the legacy gift.

One CRT can hold multiple assets.

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Planned Giving – Donor Advised Funds

Opportunity for tax savings and investment growth

Scenario

Johnny and June are high-income earners who have variable income

They met in the FOCAS group at Memorial and are now active members in the Honeymooners class. June is especially excited about the potential of a Grand Oak View Room for hosting events.

They are considering establishing a DAF, which allows individuals to make charitable contributions to a fund that is managed and legally controlled by a sponsoring organization, such as Fidelity, Schwab or Vanguard Charitable. The donor retains advisory control over how the money is distributed, but the sponsoring organization controls the account. This allows contributions to be invested and distributed at a later date when directed by the advisor.

Tax Benefits

Donors can **deduct** the fair market value (FMV) of the **contributed assets** from their taxable income in the year they make the donation, rather than in the year it's distributed to the church.

This strategy can be beneficial for families or individuals with **variable income** (bonus/commission) who want to contribute generously in a tax-advantaged way. They can "bunch" giving into a high-income year and direct distributions over multiple years, after the investment has appreciated.

Funds in **DAFs can grow tax-free** (if invested wisely), allowing for larger future donations to the church.

Additional Notes

DAFs provide an opportunity to remain anonymous, if they choose, when making grants to charities.

Donors can "pool" their contributions and collectively fund the same DAF.

Funds invested in the market carry risk and are not guaranteed to grow or retain their value.

DAFs offer flexibility, control over timing, and provide investment growth on purpose-driven giving.

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Planned Giving – Business Gifts

A Corporate Contribution from a Family-Owned Business

Scenario

Kurt and Goldie are faithful members and local business owners

The family owns multiple, very popular coffee shops in the neighborhood surrounding the church. They support the local PTA, SBMSA, the MHS Drama Club, the Scouts, and other local organizations by sponsoring "Spirit Nights" that give back in a meaningful way.

Kurt & Goldie know that having a strong local presence in the community pays dividends.

They pledge $500,000 **from their business** to the church's campaign.

Tax Benefits

The business can treat the contribution as a **charitable deduction** on its taxes, lowering its taxable income and reducing its overall tax liability.

If the business is structured as an S-Corp, the owners can take advantage of the business's deduction, which may reduce their personal income tax liabilities as well.

Additional Notes

Community impact: The gift can also be a great way for the business to enhance its community involvement and make a meaningful impact by bringing the local community they are already connected with to Christ.

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