

# WAYS TO GIVE AT SPC

## 1 USE YOUR CHECKBOOK

Writing a check is still the most common form of philanthropy in the world. It is relatively simple and certainly direct. You can always mail a check to:

Salem Presbyterian Church  
P.O. Box 536  
Salem, Virginia 24153

## 2 GIVE ONLINE

Online giving is still not the primary way that donors give, but it is the fastest-growing method. Salem Presbyterian Church offers online options, for one-time gifts or recurring donations:

- Your bank's online bill-paying system
- Through the Presbyterian Foundation's Online Giving Program, which provides secure processing of your donation. Setting up an account is optional. All donations received by the Foundation on behalf of Salem Presbyterian (less a 2% processing fee) are sent by direct deposit to the Church at the end of every month. Link to Online Giving: <https://tinyurl.com/SPC-GIVING>

## 3 STOCKS

One of the most tax-efficient ways to give is by contributing long-term appreciated securities, like stocks. There are two huge advantages to donating in this way. One, since you are not selling your stocks, there are no capital gains taxes to be concerned with, and the more appreciation the stocks have, the bigger your tax savings will be. The second advantage is that any of your stocks that were purchased over a year ago that have a current value greater than their original cost can be donated and become eligible for a tax deduction equal to the full fair market value of the stock, up to 30 percent of your adjusted gross income. For Instructions on how to give appreciated securities, call the church administrator for information at (540) 389-3881, Monday-Thursday 9:30 AM-12:30 PM.

Salem Presbyterian Church is a non-profit 501(c)(3) corporation. Charitable contributions are tax deductible as allowed by law.

## 4 CHARITABLE DONATIONS FROM YOUR IRA



Many people in our community have made charitable contributions to support Salem Presbyterian Church by making a contribution through their IRA with an IRA Charitable Rollover. This strategy can have tax benefits for you.

If you are age 72 or older and have an individual retirement account (IRA), the federal government mandates an annual required minimum distribution (RMD) from that account whether you need the income or not. That RMD counts as taxable income toward your annual gross income and might boost you into a higher tax bracket, reducing your eligibility for some tax credits and deductions. There is the option to gift funds from an IRA that meets RMD conditions and offers advantageous tax protections.

A qualified charitable distribution, QCD, is a special provision of the Protecting Americans from Tax Hikes (PATH) Act in 2015 that allows you to directly rollover RMD funds to an eligible nonprofit without the amount counting towards your taxable income. Also known as an IRA Charitable Rollover, a QCD is an effective tool for managing an annual RMD while also supporting a cause you care about with a charitable gift during your lifetime.

### The ABCs of making a qualified charitable distributions

- You must be 70 ½ or older at the time you make the request to the IRA administrator.
- The distribution must be made directly from your IRA to the charitable entity, like Salem Presbyterian Church.
- The maximum QCD amount is \$100,000 per IRA owner. A married couple filing jointly qualifies for a maximum of \$200,000 QCD.
- QCD counts toward your annual RMD.
- You are not required to use all of your RMD for a QCD. Only the amount you direct toward a charity like Salem Presbyterian Church through a QCD will be removed from your gross income for tax reporting purposes.
- A QCD cannot be claimed retroactively towards funds already taken as an RMD. However, additional distribution can be made (up to the maximum of \$100k per person) in the same calendar year and directed as a QCD and will not be counted as taxable income for the year.
- Applies only to traditional IRAs. While it is possible to make a QCD from a Roth IRA, there is no advantage as these distributions are already tax-free. Distributions from SEP IRAs, SIMPLE IRAs, retirement assets in a 401(k) or 403(b) are not eligible.

### When a qualified charitable distribution to Salem Presbyterian church might be good for you

- You have significant assets in an IRA and do not rely on your RMD for income and living expenses.
- You take the standard deduction when filing taxes rather than itemize. A QCD gives you a tangible tax benefit from your donation in addition to your standard deduction claim.
- You want to lower your adjusted gross income (AGI) to reduce income taxes and maintain eligibility for the lowest cost Medicare premiums.

### Two ways a qualified charitable distribution can come from your IRA

#### #1 - IRA Check Issued by Account Administrator

The easiest and most common method is to request a check from your IRA custodian with an issue date before December 31. The allocation is debited immediately and becomes a qualified QCD for the year upon issue regardless of when the check is cashed.

The check must be payable to Salem Presbyterian Church directly.

If a check is made payable to you, the distribution would not qualify as a QCD. Any distribution taken into a personal account prior to donation will count as taxable income.

You can request to have the check mailed directly or delivered to you should you wish to deliver it personally.

#### #2 - IRA Check from Personal Account Checkbook

IRA owners who have been issued a checkbook for their retirement account can write a check on their own but must report the distribution to their IRA administrator and confirm the check is cashed prior to December 31. To qualify for a current-year QCD using this method, we recommend contacting your IRA administrator immediately for details.

Note - Be sure to collect a Form 1099 from your IRA administrator and share with your tax preparer to receive tax benefits from the distribution.

## 5 CHARITABLE TRUSTS

There are two types of charitable trusts you may be interested in making part of your financial plan—a charitable lead trust (CLT) and a charitable remainder trust (CRT).

### CLT

This is a trust that you establish by transferring assets into the trust and donating a stream of income from the assets to a charitable organization each year. Money left over in the trust at the end of the period you've established to donate can be disbursed to other beneficiaries or held in the trust. Your gift tax deduction is immediate and based on the value of the income stream to the charity. Not only is this great for transferring wealth to your heirs, but it also provides consistent cash flow to the charity of your choice. The only disadvantage is that it requires annual administrative management.

### CRT

A CRT is similar to a CLT, with one big difference. In a CRT, the beneficiaries and donor are paid first, receiving their stream of income before the charitable organization does. However, this is beneficial as it gives you and your beneficiaries income and diversifies your investments. This is perfect for those with highly appreciated investments that want to create income but still provide consistent cash flow to a charity. Like a CLT, the only disadvantage is the annual administration of the trust.

## 6 GIVING ASSETS TO CHARITY

A major advantage of giving your assets, such as retirement accounts and life insurance policies, to charity is that in addition to any charitable income tax deduction, your estate will not have to recognize that gifted income, which can give you a break on the estate tax. Many also choose to use assets that would normally have an income tax liability, leaving tax-deferred accounts in their estate for beneficiaries, giving them a nice inheritance that won't be taxed.

You may also have tangible assets you want to donate to charity. These items, like art and jewelry, may entitle you to a tax deduction equal to the value of the assets you've donated. If your asset is related to the charity, such as art to a museum, you're more likely to receive a larger tax deduction than gifting something that doesn't directly correlate with the organization's aim or mission.

*Disclaimer: The purpose of this publication is to provide general information on the subject of giving, including charitable donations through a qualified charitable distribution of an IRA. It is not intended as legal, tax accounting, or other professional advice. Please consult your financial or legal professional for advice on charitable giving and any possible tax implications. Please contact the Church Administrator for further information.*

## SALEM PRESBYTERIAN CHURCH

PO Box 536  
Salem, VA 24153  
[www.salempres.org](http://www.salempres.org)  
[churchadmin@salempres.org](mailto:churchadmin@salempres.org)  
540-389-3881

