



Jesus Film Project and  
Cru Foundation  
August 13 & 15, 2020 Webinar

Tax Changes, Low Rates, What's  
Limiting You?

*How are CARES Act tax changes and zero  
interest rates impacting you?*

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# Important Disclaimer

**The information communicated during this webinar is not intended or should it be considered tax or legal advice. As with all decisions involving legal or tax matters, you should consult an attorney and/or qualified tax professional about your specific situation.**

**Proverbs 15:22**

**Universal \$300  
“Above the Line”  
Charitable  
Deduction for  
Non-Itemizing  
Taxpayers**

**Unlimited Charitable  
Deduction for  
Charitable  
Contributions of cash  
up to 100% of  
Adjusted Gross  
Income (AGI)**

**CARES Act  
Charitable Giving  
Provisions**

**Suspension of  
Required  
Minimum  
Distributions  
(RMDs) for the  
tax year of 2020**

# Planning Strategy for the \$300 Universal Deduction

Everyone who will be taking the standard deduction for 2020 and plans on doing charitable giving in 2020, should take advantage of the Universal Deduction in order to lower their adjusted gross income and taxable income; and more importantly to benefit the charitable organizations they care about

# Planning Strategies – Unlimited Deduction

## Eliminate Income Tax

- Charitable deduction up to 100% of adjusted gross income for qualified charitable donations of cash
- Donor could in theory offset all income taxes through charitable giving

## Charitable Gift Annuity

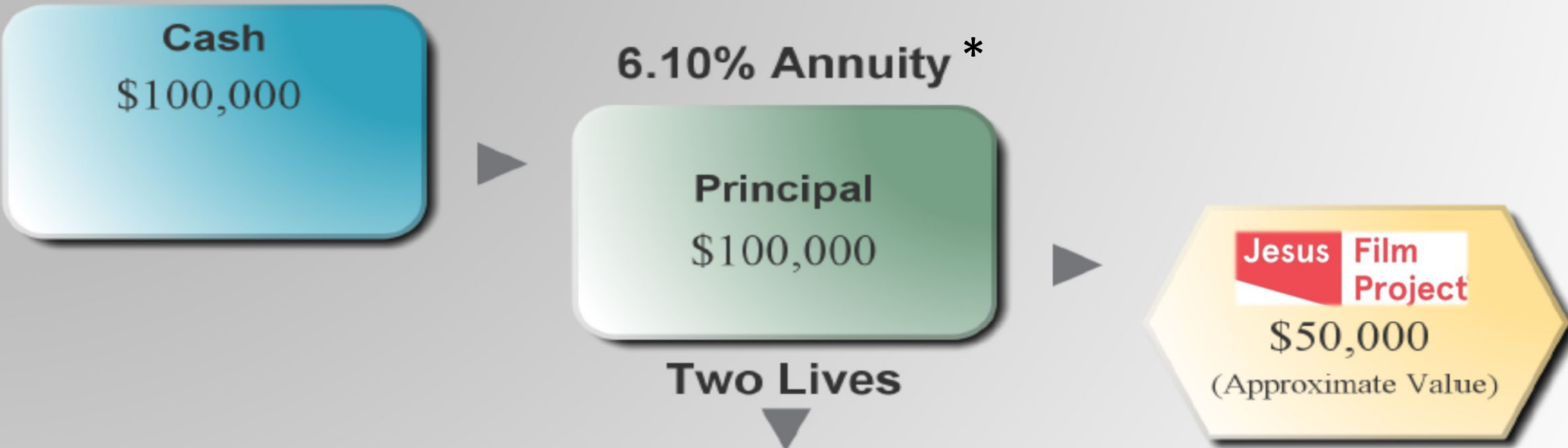
- Stable income to donor (part tax-free)
- Generate significant charitable deduction
- Leave a legacy gift to the charity of your choice

## Accelerate Giving w/ Vision Fund or Staff Legacy Fund

- Cash gift qualifies for Unlimited Deduction
- Donor can front-load giving in 2020
- Funds distributed over time
- Any growth is not taxed and is gifted

# Charitable Gift Annuity

Prepared For George Washington (84)  
Prepared For Martha Washington (83)



Based on August 2020 AFR of 0.4% and FIT rate of 22%

\* Current 36 month CD rate of 1.10% (7/22/20) = \$1100 taxable annual income

1. Gift property to charity. Donor receives contract for annuity payments. Income tax deduction of \$43,481 may save \$9,566.

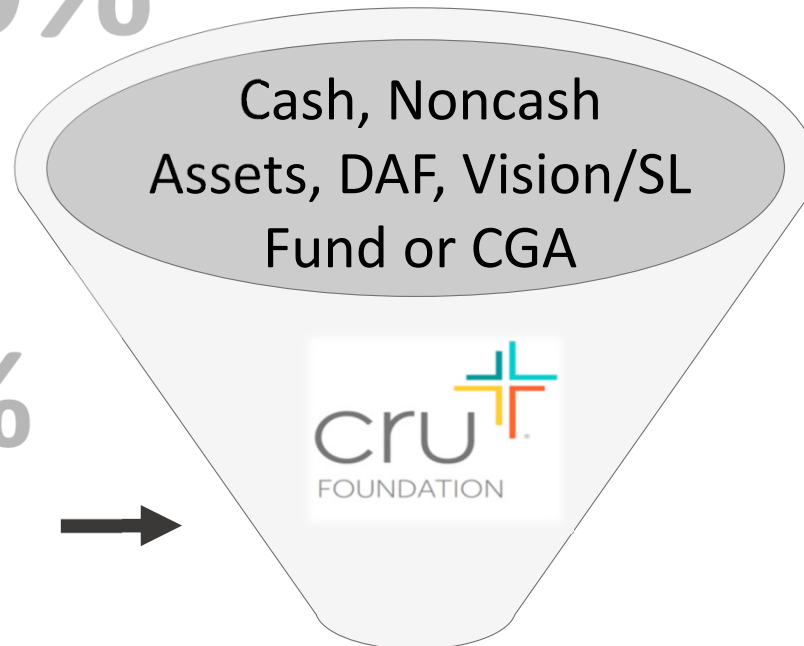
2. Annuity of \$6,100.00 for two lives. Tax-free amount \$5,435.10. Estimated two lives payout of \$79,910. Effective payout rate 8.44%. Tax free until end of 2030.

3. Quarterly payments for two lives. Property passes to charity with no probate fees. There are also no estate taxes, if married.

# Methods for Utilizing the Unlimited Deduction

- 40% AGI in outright cash gifts or gifts to Vision/SL Fund or CGA
- 30% of AGI – outright cash or to DAF
- 30% of AGI - gifts of appreciated Noncash Assets

100%



Cash, Noncash Assets, DAF, Vision/SL Fund or CGA

60%



30%

Gifts to Cru ministry during life and beyond



# Donor Advised Fund: Your personal charitable giving fund



- **What is it?** A charitable giving fund established at a public charity allowing donors to make contributions, receive immediate tax deductions, and then recommend grants on your timeline
- Cru Foundation DAF → “Great Commission” DAF
- As of 10/1/2019 NO administrative fee
- Low investment management fees
- Distributions (grants) to any Cru ministry (like JFP) or other qualified charities
- Internal gains inside the DAF are not taxed = more \$ for ministry
- Convenient anytime, anywhere, online use
- Simplifies year-end tax reporting





## Key Features and Benefits of a DAF

- Consolidate & Maximize your giving
  - Give gifts of cash & appreciated assets
  - Gifts to DAF can be distributed to multiple beneficiaries
- Engage your family and nurture their generosity
  - Involve next generation(s) in grant-making decisions
  - Designate a successor adviser to continue your legacy
- Give anonymously if you desire
- Utilize DAF for bunching of donations in order to itemize - then distribute gifts to charity over time
- Change beneficiaries easily
- With a GC DAF – choose a legacy option for the remainder

# Planning Strategies – Suspension of Required Minimum Distributions\*

## Qualified Charitable Distribution (QCD)

- Standard Deduction > QCD + Universal Deduction
- Item. Deductions > QCD + Unlimited Charitable Deduction (100% AGI limitation doesn't apply to a QCD)
- QCD → ~~DAF~~
- QCD → ✓ Vision Fund or Staff Legacy Account

## Withdrawal from IRA

- For taxpayers who itemize
- If 59.5 or qualify under the Coronavirus-related distribution rules
- Included as taxable income
- Increases AGI & charitable deduction potential
- Use cash to make charitable gift to a public charity
- Offset the income from the IRA withdrawal with a charitable deduction

## Roth IRA Conversion

- For taxpayers who itemize
- Conversion from traditional IRA to Roth will increase income and AGI
- Increases charitable deduction potential
- Use other source of cash to make charitable gift to a public charity
- Offset the income tax on the conversion



# Important !

It is imperative that you receive professional tax advice if you contemplate charitable giving at higher levels of your AGI or taking distributions from a qualified account, such as an IRA for charitable giving. There are some scenarios, especially for ministry partners in higher income tax brackets – where it would produce a lower tax liability by distributing charitable gifts between 2020 and 2021 – instead of maximizing gifts in 2020.

# The Value in Giving Appreciated Non-Cash Assets

Cash accounts



Appreciated Non-cash Assets



Value to Donor & Charity



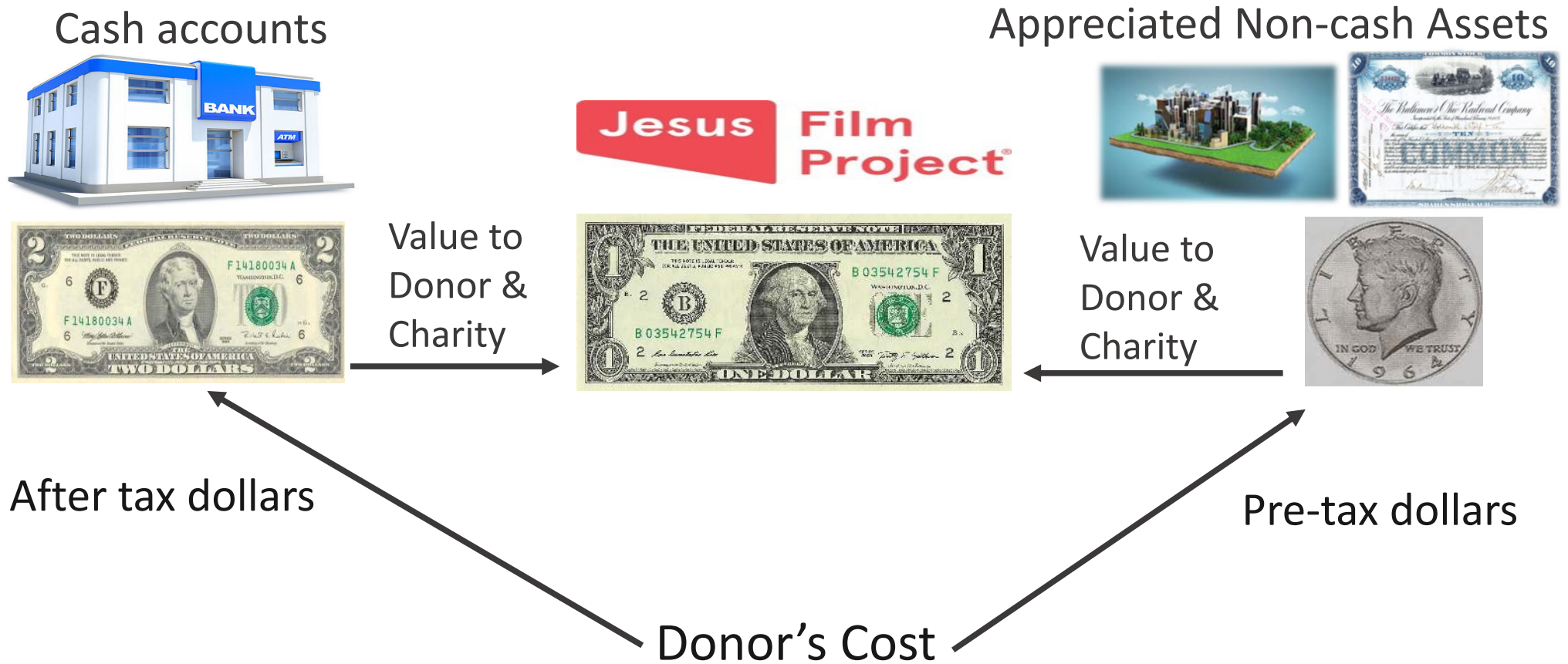
Value to Donor & Charity



After tax dollars

Pre-tax dollars

Donor's Cost



# Gift of Undivided Partial Interest in Real Estate

## Gift/Sale

- There can be No current binding obligation to sell
- Cru Foundation can calculate gift % and estimated charitable deduction
- Donor deeds a partial undivided interest to Cru Foundation
- Donor and Cru Foundation sell to same buyer
- Gift before the sale generates a charitable tax deduction and can reduce or zero out capital gains taxes

	<u>Sale/Gift</u>	<u>Gift/Sale</u>
Property Value:	\$ 1,600,000	\$ 1,600,000
Basis:	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Sale Portion:	\$ 1,600,000	\$ 1,099,000
Allocated Basis:	\$ 600,000	\$ 412,000
Capital Gains:	\$ 1,000,000	\$ 687,000
Tax on Gain:	<b>\$ 386,000</b>	<b>\$ 265,000</b>
Gift To Charity:	<b>\$ 501,000</b>	<b>\$ 501,000</b>
Taxes Saved:	<b>\$ 265,000</b>	<b>\$ 265,000</b>
Net To Donor:	<b>\$ 978,000</b>	<b>\$ 1,099,000</b>
<b>Benefit To Donor in Gift/Sale Scenario</b>		<b>\$ 121,000</b>

In an outright sale with no gift, the donor would net \$1,214,000



- In the current time of uncertainties – many ministry partners want to make sure they have their house in order
- Cru Foundation can assist you through our **complimentary** Gift and Estate Design Service
- This process will help you re-think your estate and charitable distribution plans
  - If you are leaving an inheritance to children – be wise and balanced in your approach (Prov. 20:21); and ask yourself:
    - Is there a true need?
    - Are they walking with the Lord?
    - Have they stayed in relationship with you?
  - If you are leaving a gift to ministry – be generous (2 Cor 9:6-8)
    - Invest in the eternal: human souls and God’s Word
    - Engage with the Great Commission

Is it Time to put Your House  
in Order?

# Gifts through a Will or Trust

- How to give: through a will or trust or from retirement, brokerage, and bank accounts and life insurance policies
- Benefits of giving these types of gifts:
  - It's simple and inexpensive
  - Some of these gifts pass outside of probate
  - You control and continue to use the asset during your lifetime
  - You can change the gift designation while alive
  - There may be tax benefits for your estate
  - You can make a significant impact for the Kingdom at death and set an example for those left behind

Thank You for Attending  
the Webinar

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