

Notes from the Endowment and Stewardship Committees

1. Consider Gifting Appreciated Stock Instead of Cash

Cash gifts and stock gifts both allow you to take a charitable income tax deduction. When you gift long term appreciated stock to a charitable organization, you receive an additional tax benefit, because you avoid paying tax on the “built-in” capital gain for your stock. If you were to sell an appreciated stock, you would have to pay capital gains tax. The capital gains tax rate ranges from 15% - 23.8% (as of this writing), depending on your income. However, if you were to gift the stock directly to St. Mark’s, you could avoid the capital gain all together and an additional tax deduction for the donation. Even better, St Mark’s is able to sell the stock without having to pay capital gains tax.

2. If you are over age 70-1/2 and are required to take money out of your IRA each year, you should read this.

Did you know that instead of taking your yearly Required Minimum Distribution (RMD) from your IRA and paying tax on it, you could give it directly from your IRA to the church or other charities? The benefit is that the donation counts as your required minimum distribution but doesn’t increase your adjusted gross income, which can be a great benefit if you don’t itemize and can’t deduct charitable contributions. In addition, keeping some or all of your RMD out of your adjusted gross income could help you avoid the Medicare high-income surcharge or help make less of your Social Security benefits taxable. (*You can't double-dip tax breaks and deduct the charitable contribution if you make the tax-free transfer to charity.*)

The money needs to be transferred directly from the IRA to the charity in order to be tax-free. If you withdraw it from the IRA first and then give it to the charity, you can deduct the gift as a charitable contribution (if you itemize), but the withdrawal will be included in your adjusted gross income. To make such a transfer, contact the financial institution that handles your IRA and tell them that you want all or part of your required minimum distribution (RMD) to be sent directly to the church or qualified non-profit of your choice.

If you have any questions or need help with either of these methods of giving, please contact John C. Hurlow at Hurlow Wealth Management Group
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