



Ways to Give to the Unitarian Church of Lincoln

As in the Unitarian Universalist search for truth and meaning, there are many pathways to generosity, many ways to strengthen hope and reason...many avenues in which to use our financial resources to bend the world closer to the principles of freedom, tolerance, justice, love and respect. Members of the Unitarian Church of Lincoln want to be effective trustees and stewards of our great heritage of religious liberalism and social concern. In order for future generations to inherit and enjoy this freethinking, equality for all people and environmentally friendly lifestyles, financial support is vital. The purpose of this document is to identify various paths each of us can take in our own way of giving.

Cash and Property Gifts

Gifts of cash are the most basic and important source of support for the Unitarian Church of Lincoln. They are easy and popular, and you are entitled to a charitable income tax deduction equal to the value of the gift.

Of course, income-producing interests such as oil, gas or mineral interests, rental property, or copyrights may also be contributed to generate a continuing source of cash to support the mission of the Church.

Publicly Traded Securities

For many donors, gifts of stocks or bonds may provide tax benefits that are even greater than for cash gifts - especially if those securities have appreciated in value. In most cases, you can contribute appreciated securities and take a charitable deduction for the full market value of the securities (If you've owned them for at least one year). You also avoid paying the capital gains tax on the appreciated value. As with all gifts, discussion with your advisers prior to any giving is appropriate.

Tangible Personal Property Gifts and Income Producing Property

Whether through inheritance, collecting, or investment, you've probably accumulated a lot of things. Sometimes these are inherently valuable; sometimes the value is purely sentimental; sometimes they are costly to insure or difficult to sell.

Gifts of art, collectibles (such as stamps or coins), antiques, boats or cars, or other items of personal property may be a great alternative. Income-producing interests, such as oil and gas interests, rental property, copyrights, and others may be contributed. They make great "pretax" gifts that also generate income to support the Unitarian Church of Lincoln. Your tax adviser can help you with these decisions. Properly chosen, gifts of property can be outstanding gifts for you and the Unitarian Church of Lincoln.



Before making a gift of any property, especially if it may be worth more than \$5,000, get an appraisal. Appraisal fees may also be tax deductible.

Gifts of Land, Homes, and Farms

Outright Gifts

As with many people, your real estate holdings may be your most valuable assets. But these assets often carry a high price: property tax and maintenance costs, if held; capital gains tax, if sold. A gift to the Unitarian Foundation of real property-residential,

rental, vacation homes, farms, commercial, or undeveloped-may offer significant benefits. Generally, outright gifts of real property entitle you to

- Avoid the capital gains tax on any appreciation in value, and
- A charitable income tax deduction based on the fair market value of the property.

Before deciding how to give real property, know (1) the appraised value of the property and (2) your basis and any debts or liens on the property. Also, please discuss your gift with Church representatives so there is a mutual understanding that the property will be sold, or if there are any environmental concerns, a mortgage or lien.

Bargain Sales and Gift/Sales

Gifts of real estate are not all-or-nothing propositions. You may donate a partial interest in the land - or certain land rights - instead of donating the entire property. You receive a deduction based on the appraised value of the interest you donate. When the property is sold, the proceeds are distributed accordingly. This is a gift/sale arrangement regardless of who is responsible for the debt.

Another option is the bargain sale. Just like it sounds, the donor sells the property to the Unitarian Church of Lincoln at a bargain; it's part sale, part gift. The Church gets a good deal and the donor gets a tax deduction for the difference between the sale price and the value of the property.

Life Estate Gifts

Some people could plan to contribute a home, vacation home, or farm to the Church sometime in the future but-for now-they still want to use the property. A life estate helps you do both. A life estate gift grants the Church the right to your property after your lifetime, but you retain the right to use and enjoy it for the rest of your life and/or the life of another. If the property is income-producing (e.g., from rent, crops, etc.), you may also keep that income during your lifetime.



The Church has no right to use or possess the property until after your lifetime, but you still receive an immediate income tax deduction for part of the property's value. Also, a life estate gift removes the property from your taxable estate, possibly saving estate taxes and probate costs.

- If you make a life estate gift and later decide you no longer want to use your property, simply transfer your remaining rights in the property to the Church. You may receive additional tax benefits at that time.

Life Insurance

Life insurance plays an important role in the estate plans of many people. Most people have some form of insurance; many have policies no longer needed for their original purposes. For example, do you have a policy:

- To provide money for a spouse or children, who no longer need it?
- To cover a mortgage on a home or other property that's now paid off?
- To cover educational expenses that no longer exist?
- To protect a business you no longer own or that has other coverage at this point?

It may be beneficial to donate such policies to the Unitarian Church of Lincoln. In general, if you donate a new or existing policy to the Church, you may be able to take a tax deduction equal to the policy's cash surrender value. You may also be able to deduct any annual amounts paid to keep the policy in effect. It is important to check with your tax advisor before making the donation.

There are a number of ways you can use life insurance in your charitable gift planning for the Church:

1. Name the Unitarian Church of Lincoln primary or secondary beneficiary of an existing policy.
2. Buy a new policy and contribute it to the Church.
4. Buy a policy on the life of someone else and contribute it (for donors who may not qualify personally for affordable coverage).
5. Buy a policy that benefits your heirs to replace a gift to Church you've already made.
 - Income tax deductions for a gift of insurance vary depending on the type of policy donated. Seek advice from your own adviser and get an appraisal of any existing policies before you donate them.



BEQUESTS AND REVOCABLE GIFTS

Wills and Bequests

Do you have a valid will? If so, does it meet your current family and philanthropic needs? If you said "yes," congratulations - a current and valid will is the cornerstone of all financial planning. And yet, studies show that at least six out of 10 adults in the United States do *not* have a valid will.

Making a charitable bequest in a will is the most familiar and widely used way to benefit the Unitarian Church of Lincoln and other charities. This is how many donors establish their legacies, and it is a way that remains revocable at any time during their life.

For donors with taxable estates, charitable bequests can be tax deductible when distributed. There are many types of bequests you can consider, including:

1. General-A designated amount of money, such as "\$10,000."
2. Specific-A certain item, such as "my 100 shares of IBM stock," "my home at 123 Main Street," "my original Norman Rockwell painting, etc.
3. Percentage-A designated percentage of your estate, such as "10 percent." This helps protect against inflation, reducing the value of your bequest.
4. Residuary-Gives the Unitarian Church of Lincoln all or a percentage of anything left after all general and specific bequests are satisfied.
5. Contingent Bequest-Only takes effect if another bequest fails, such as "If my father should predecease me, then this should go to the Unitarian Church of Lincoln."

Many donors establish "testamentary" charitable trusts in their wills. These are just like the "regular" annuity trusts or unitrusts-the only difference is they are funded or created in your will. Also, for donors who use living trusts, the Unitarian Church of Lincoln and other charities can easily be included in those.

If you already have a will and want to make some simple changes, you can do so with a *codicil*. A codicil is a simple addition or amendment to an existing will. As with wills, codicils involve certain signing formalities and can be revoked or changed during your lifetime. But no matter what your charitable plans, make sure you have a valid will and regularly review it so it meets the changing needs of you and your family.



IRAs and Retirement Plans

Retirement fund assets can be one of the most significant assets left in an estate. Unfortunately, the gift of an IRA to a child or grandchild-or anyone other than a spouse or charity-can be one of the costliest gifts of all. Retirement funds given to children or grandchildren could be double taxed, or worse. They're often hit by federal estate taxes, state death taxes, income tax, and generation-skipping taxes. The vast majority of an IRA could be eaten up by taxes, leaving only a fraction for your intended beneficiaries.

For many donors, the best way to deal with IRAs and other retirement assets estate plans is to name either a spouse or a charity (or both) as survivor beneficiary. Naming the Unitarian Church of Lincoln as an alternate or contingent beneficiary of your retirement accounts is as simple as requesting a change-of-beneficiary form from your plan administrator. IRAs and other retirement accounts may also be used to fund a testamentary charitable trust.

At the age of 70 1/2 people are required to take a minimum distribution from their IRA's. One option available to donors is a Qualified Charitable Distribution (QCD). This is a direct transfer of funds from your IRA custodian, payable to a qualified charity. QCD's can be counted toward satisfying your required minimum distributions (for the year, as long as certain rules are met. In addition to the benefits of giving to charity, a QCD excludes the amount donated from taxable income, which is unlike regular withdrawals from an IRA. Keeping your taxable income lower may reduce the impact to certain tax credits and deductions, including Social Security and Medicare. Also, QCD's don't require that you itemize, which due to the recent tax law changes, means you may decide to take advantage of the higher standard deduction, but still use a QCD's for charitable giving. As with all charitable giving it is appropriate to talk with financial and tax advisor to determine if QCD's are an appropriate option for charitable contributions. It is important that the IRA Custodian informs the church the name of IRA owner when making a QCD to the Church.

Resources

To learn more about giving to the Unitarian Church of Lincoln contact members of the Lincoln Unitarian Foundation (LUF) Committee. The Church Board of Trustees (BOT) developed a Gift Acceptance Policy and is available through the LUF Committee or BOT. If legal advice or other expertise is needed to review or advise you on your financial situation, please seek the services of a competent professional.