

DOING GOOD WISELY: TAX-SAVVY GIVING TO USNH

How to Maximize Your Generosity to Our Beloved Community: A Guide to Annual and Legacy Giving January 2024

Current year gifts

Pledges and cash contributions

Members and friends of the congregation make annual pledges of financial support for the ministries of USNH. Many also supplement their pledge payments with contributions to the Sunday collection and gifts for special purposes during the year.

Tribute Gifts in Honor or Memory

Any gift may be made in honor or memory of a beloved family member or friend. USNH will acknowledge the gift to the person being honored or the family of the person being remembered.

Distributions from Individual Retirement Accounts

If you are age 70 ½ or older, you may make a Qualified Charitable Distribution (QCD) from your Individual Retirement Account (IRA) to USNH. Your IRA administrator must make the check payable to USNH, not to you. Because the charitable distribution reduces your taxable income, you cannot also claim this as part of an income tax charitable deduction.

Gifts of Marketable Personal Property

You can give marketable property such as a vehicle, jewelry, antiques, and residential or commercial real estate. USNH will sell the property and use the proceeds for its mission. For example, when USNH was remodeling the kitchen, we offered members the opportunity to donate unwanted sterling flatware, serving ware, and jewelry. We sold the objects to a local dealer and used the proceeds toward the costs of the kitchen renovation. You and your advisors will be responsible for determining the value of your gift for tax purposes.

Gifts of Appreciated Securities or Mutual Fund Shares

When you hold securities or mutual funds with long-term capital gains, and you sell those securities, you will be required to pay capital gains tax, typically at both the federal and state level. If you donate securities to USNH, you avoid capital gains tax, and can claim an income tax charitable deduction for the full value of the securities.

For example, you own securities worth \$10,000 for which you paid \$2,000. If you sell the securities, you will owe capital gains tax of at least \$1,200 (15%). If you donate the securities to USNH, you avoid capital gains tax, USNH receives the full value, and you can claim a tax deduction for the full value.

Bundling of Gifts to Qualify for an Income Tax Charitable Deduction

For 2024, the standard income tax deduction is \$14,600 for people who file individually and \$29,200 for married couples who file joint returns. Each filer age 65 or older may claim an additional \$1,550 deduction. If in most years itemizing all your deductions does not exceed the standard deduction, consider bundling your charitable gifts for one year, making larger than usual donations to USNH and/or other charities to meet the threshold for itemizing your deductions, thereby lowering your taxable income.

For example, a married couple itemizes \$10,000 for state and local taxes and \$5,000 for mortgage interest payments. If they donate more than \$14,200 to USNH or other charities, their deductions will exceed \$29,200 and their bundled charitable donations will qualify for an income tax charitable deduction. This strategy should be reviewed with your tax advisor before proceeding.

Gifts from Donor-Advised Funds

Donors establish a charitable Donor-Advised Fund (DAF) by transferring assets to an organization like the Community Foundation for Greater New Haven, or to the nonprofit foundation affiliated with Vanguard, Fidelity, Schwab, or another investment firm. The gift to the DAF is tax-deductible. Periodically each year, the donor can make recommendations to the sponsoring organization about distributions from their Fund. As long as the charitable recipient is an IRS recognized 501(c)(3) tax-exempt organization, such recommendations are routinely approved. A donor who has a Donor-Advised Fund can recommend one or more distributions to USNH each year.

Legacy Gifts Benefiting USNH in the Future

These revocable gifts cost you nothing now and can be changed at any time as your circumstances change. Any type of legacy gift can be designated for Endowment, for a specific purpose such as religious education or music, or can be unrestricted.

A Gift in Your Will

Your will ensures that everything you own (your estate), including real estate, savings, cars, and personal effects, will go to the heirs you intend in the way that you want. It will name an executor and an alternate charged with carrying out your wishes. You may designate a specific amount or a percentage of your estate for USNH. We suggest a percentage, because then as the value of your estate increases or decreases over time, your gift to USNH will remain proportional to your intentions for other family and charitable recipients. A gift in your will costs nothing now and can be changed at any time.

A Gift in Your Revocable Living Trust

A living trust is created during a person's lifetime. It allows for the easy transfer of trust assets upon death and bypasses the often complex and expensive legal process of probate. With such a trust, you may designate a portion for USNH. A gift in your trust costs nothing now and can be changed at any time.

Beneficiary Designation on Your Retirement Account, Insurance Policy, or Bank Account

For retirement accounts such as IRAs and 403Bs, as well as insurance policies and bank accounts, you designate one or more beneficiaries to receive the proceeds upon your death. You can use standard online forms for your account to update the beneficiaries and designate USNH to receive some portion. It is best to include the USNH Tax Identification Number (TIN 06-6006202) on the beneficiary form to ensure that there is no confusion when the time comes for the account administrator to distribute the proceeds. If you wish, you can designate on the form that your gift is for the USNH Endowment. For tax reasons, your heirs may receive more if you make charitable gifts from your retirement account and leave other assets such as mutual funds, bank accounts, and your home to your individual heirs.

A Charitable Gift Annuity

You can make an irrevocable gift to the Unitarian Universalist Association (UUA) that will pay lifetime income to one or two people at a rate determined by the ages of the recipients when the payments begin.

An Example of How Gift Annuities Work: Dennis, 68, and Joan, 67, want to contribute to USNH, but they also want to ensure that they have dependable income during their retirement years. They fund a \$25,000 charitable gift annuity. Based on their ages when the payments begin, they will receive a payment rate of **5.0%**, which means that they will receive **\$1,250 each year** for the remainder of their lives. They're also eligible for a federal income tax **charitable deduction of \$10,128** when they itemize.

Legacy Society for USNH

Deciding to make a revocable legacy gift of any size, and letting USNH know of your decision, will qualify you for membership in the *Legacy Society for USNH*. We will be pleased to honor you for your intention to benefit USNH, and will understand that if your circumstances change, you are under no obligation to USNH as a member of the *Legacy Society*. In addition, a gift or a multi-year pledge of \$10,000 or more to the USNH Endowment will also qualify you for membership in the *Legacy Society for USNH*.

Gifts to the USNH Endowment

All current gifts, including cash, securities, and personal property, as well as any future legacy gifts made through your will, trust, retirement account, insurance policy or charitable gift annuity, can be designated for the USNH Endowment. Such a designation must be done in writing in the controlling document. USNH cannot permanently restrict a gift to the USNH Endowment; only you as the donor can make such a restriction.

Bob and Mary Beth Congdon offer this information for educational purposes, and it should not be considered legal or tax advice. When considering any gifts that have tax implications, we recommend that you consult with your legal and/or tax advisors.

Endowment and Legacies Committee

Fred Morrison, Chair

Carol Cheney, Bob Congdon, Linda Mehta, Greg Seaman

Stewardship Committee

Holly Hawkins and John Watson, Co-Chairs

Beth Bauer, Linda Mehta, Joanie Messner, Amy Plapp, Becky Friedkin (MT Representative)

Definitions of Estate Planning Documents

Last Will and Testament ensures that everything you own, including your home, savings, cars, and personal effects, will go to the heirs you want in the way that you want. It will name an executor and an alternate charged with carrying out your wishes.

Durable Power of Attorney allows you to designate someone you trust completely to immediately manage your business affairs when you are incapacitated or under other specified circumstances.

Revocable Living Trust is a type of trust created during a person's lifetime to allow for the easy transfer of assets upon death, bypassing the often complex and expensive legal process of probate.

Appointment of Healthcare Agent allows you to choose a person to make medical decisions on your behalf if you become incapacitated.

Living Will is a legal document that tells doctors how you want to be treated if you cannot make your own decisions about emergency treatment. You can specify which common medical treatments or care you would want, which ones you would want to avoid, and under which conditions each of your choices applies.

HIPAA release allows the designated person to obtain medical information about you.

Memorandum Regarding Personal Belongings is a non-binding letter specifying your wishes for the disposition of personal belongings that may have great emotional value. It can be in digital form so that you can change it at any time without an attorney.