Immediate Gifts

The assets described here may be used to fund both immediate gifts and life-income gifts. The procedures refer only to immediate gifts.

Cash

Gifts of cash are routinely used to pay pledges and make special (capital) gifts.

***Procedures**:* Make a check payable to the official corporate name of the church or agency.

Example: The Rector, Wardens and Vestry of St. Swithin's Church in Shasta, CA." In most cases, shortening it to "St. Swithin's Church in Shasta, CA" will be acceptable.

The date of the gift is the date of the US Postal Service postmark on the envelope in which you sent the check. If another carrier is used, it is the date on which the church or agency received the package.

Appreciated Securities

Many donors use stocks, bonds, or mutual funds to make gifts. If they have increased in value since you obtained them, there can be significant tax advantages:

a. your income tax deduction is usually based on the full market value of the securities on the date of the transfer
b. you can usually avoid paying capital gains taxes that would have been due if the securities had been sold.

If you wish to donate securities that have diminished in value since you obtained them, it is wiser to sell the stock, claim the capital loss as a tax deduction, and donate the resulting cash.

***Procedures**:* If the securities are in "street name," that is, held in an account at a financial institution but accounted for as belonging to you, instruct your broker by letter to transfer xxx shares of yyy stock to an account in the name of your church. Your church treasurer or bookkeeper can give you the details. If your church is not comfortable receiving a gift of securities, The Episcopal Foundation of Northern California can act on its behalf. Please contact us for DTC transfer procedures.

The date of a gift of securities is the date on which the transfer of ownership took place.

***Procedures**:* If you have the actual certificate for the stock, bond, or mutual fund, mail it to your church or agency in one envelope. To assure security, do **not** sign the stock certificate. In a separate envelope, enclose a signed stock power guaranteed by a bank officer. Once again, for security in shipment, do **not** complete the description of the securities.

The date of the gift is the date of the postmark on the envelope containing the stock power. If another carrier is used, it is the date on which the church or agency received the package.

***Procedures**:* Make a check payable to the official corporate name of the church or agency.

***Valuation**:* The IRS calculates the value of the gift as the average of the highest and lowest selling prices of the securities on the gift date.

Real Estate

Perhaps your home no longer fits your needs, or perhaps you won a second or third home that you longer use. Giving real estate is a tome-honored way of making a substantial gift to the church.

***Procedures**:* To make a gift of real estate, whether it includes a dwelling or other buildings, the property should be free of financial encumbrances such as mortgages or liens. It should be readily marketable, and you should be aware that the church may sell the property after it is given. A current approval by a qualified appraiser must be provided.

The church will want to conduct an environmental assessment to insure that there are no hazardous waste conditions at the site that could become a liability to the new owner. The Episcopal Foundation of Northern California can provide a form for such a study.

The gift date is the day of the closing.

Personal Property

You may donate assets such as jewelry, automobiles, paintings, and antiques as immediate gifts, or they can be used to fund life income gifts. You will need to pay for a bona-fide appraisal of the item by a qualified appraiser.

***Procedures**:* Your lawyer creates a deed of gift, and a closing takes place at which the item is delivered and the documents are executed.

The gift date is the date on which this closing takes place.

***Valuation**:* For your tax deduction to be based on the appraised market value of the item, the item must have a particular usefulness to the church or church agency. That is, the item must be related to the charity's purposes. For instance, the value of a classical painting donated to an art museum is appropriate to the museum's mission. It would be deductible at fair market value. But it would be far-fetched to declare that the same painting is compatible with the mission of a symphony orchestra. The tax deduction for a gift of personal property that is not related to the charity's mission is deductible at cost basis only. You should consult with your tax advisors for appropriate evaluation and reporting requirements.

Bargain Sale

A bargain sale is an arrangement by which a donor sells a portion and gives a portion of personal property or real estate to a charity.

***Procedure**:* After a fair market value is determined based on a bona-fide appraisal by a qualified appraiser, the property is deeded to the charity. You may take a tax deduction for a contribution of any portion of the value of the property for which the charity does not compensate you. For example, you make a bargain sale of your $100,000 house to your church for $50,000. The church pays you $50,000. You may take a tax deduction for the $50,000 donated portion.

The gift date is the date the property changes hands.

Retirement Assets

Retirement funds are an increasingly valuable asset to many people—an asset often overlooked as a source of charitable gifts. Giving from an IRA, a 401K, or 403B plan can provide you with important tax advantages.

Since the money that has accumulated in these plans has never been taxed, the State and Federal government levy ordinary income tax on any distribution, unless that distribution is to a charity.

After you die, your retirement fund will be subject to this income tax, and perhaps estate taxes as well considerably diminishing what your survivors receive. By naming the charity as beneficiary of the remaining retirement fund assets, you can avoid both taxes. Give other assets to family members and other heirs.

Until December 31, 2007, if you are at least 70 ½ you have the opportunity to make a tax-free charitable gift from a traditional or Roth IRA in any amount up to $100,000. The gift must be made directly to the charity. A couple with separate IRAs could each give up to that amount.

Gifts of Life Insurance

You may have some life insurance that you no longer need. “Whole” or “universal” life insurance has cash value and can be donated to your church.

You would receive a tax deduction for the replacement cost of the paid-up policy at the time of your donation, **not** the face value of the life insurance.

If the policy requires continuing premium payments, you can continue paying those premiums and get a tax deduction for each one if it is done in the following way: the policy must be “owned” by the church, and the church must pay the premiums. You make a contribution to the church each year in an amount that approximates the premium, and the church pays the premium. For more information about donating life insurance to the church, contact The Episcopal Foundation of Northern California.