



**Dear First Baptist Members and Attendees:**

Most of you have received a copy of the REACH brochure which was part of the information packet being distributed to all of our church family. That brochure, in the last two pages speaks to "How can I give" to the REACH campaign and includes the following statement under **Other types of giving:**  
*Assets: Donating assets (real estate, stocks, tax refunds, bonds, cars, jewelry and other valuables) can have a major impact on the campaign. This can also provide a favorable tax advantage for the giver.*

This memo explains, largely by example, the tax and other advantages associated with some of these alternate types of giving and is intended to help you plan your gifts more efficiently.

**DONATION OF APPRECIATED STOCK:**

Do you own stock that has appreciated significantly in value?  
A gift of such stock may provide the best avenue for you to assist in the "REACH" campaign and to do so at great benefit to yourself due to the tax laws. How does this work?

First, you may claim a charitable deduction in the amount of the fair market value (not just its original cost to you) of the donated stock. Second, you may avoid paying taxes on the appreciated value of the donated stock. A key factor to keep in mind is that you don't get these advantages if you sell the stock yourself and then donate the proceeds to the Church.

**Example:** The Johnsons own ABC stock that they purchased for \$10,000 in 2003. In 2016, they donate these shares to First Baptist Church designated for the “REACH” campaign. The fair value of the shares at the time they are donated is \$19,000. Since the stock has been held long-term (more than a year), the Johnsons will be able to claim a charitable deduction of \$19,000 in 2016 and they will not have to pay capital gains tax on the \$9,000 gain in the value of the stock. Note: The Johnsons get the full deduction, the church gets the stock, and when the church sells the stock, it does not pay taxes because it’s a non-profit—so the church receives the full value of the shares!

**OTHER:** There are similar tax benefits associated with giving other types of assets to the Church. Among the opportunities for consideration are:

#### **DONATION OF APPRECIATED REAL ESTATE:**

The ideal scenario might look something like this: A couple who bought their house 25 years ago for \$250,000 has seen it appreciate to a current valuation of \$1 million. Their mortgage is fully paid off, and their three children have grown and started their own families. The couple considers selling their home and donating the proceeds to the Church. When they get more information on the idea, however, they learn that the direct donation of the home to the Church would allow them to take a full, fair-market value tax deduction while eliminating any capital gains tax they would incur if they sold the property first and then donated the proceeds. The Church, upon sale of the property, realizes the full market value of the donation. Be aware that IRS rules contain restrictions and limitations on property donations and the provisions vary depending on the type of property donated—consultation with a tax advisor is essential.

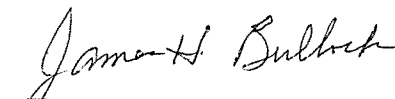
#### **DONATION OF DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS (IRAs):**

Individuals age 70 ½ and older are allowed to make Qualified Charitable Distributions (QCD) up to \$100,000 tax free from their IRA each year. Generally, when you take a distribution from your IRA, including your Required Minimum Distribution (RMDs), it is treated as taxable income. Under this provision, made permanent in the Consolidated Appropriations Act of 2016, those distributions are excluded from income if the distribution is made by a direct transfer to a qualified charity such as First Baptist Church. The distribution is not included in your income so you avoid the potential negative consequences that regular IRA withdrawals in retirement can create, including taxes on Social Security benefits and other negative consequences.

Again, these are just examples of how you can enjoy the satisfaction of knowing that you are contributing to God’s ministry through First Baptist Church while effectively lowering your tax bill.

You will want to consult with your personal tax adviser about properly structuring such gifts, but feel free to contact Jim Bullock at 575-522-7095 for basic information about how to arrange these non-cash gifts to the Church.

In His Service,

  
Treasurer

  
Senior Pastor

Note: The information provided here is intended to be general and educational in nature and shouldn’t be construed as a substitute for legal or tax advice. Please consult an independent legal and/or tax advisor for specific advice about your individual situation.