



October 2021

## 2021 SHORT-TERM GENEROSITY OPPORTUNITIES – **Can You Benefit from These?**

***“I was seldom able to see an opportunity until it had ceased to be one.”***

Mark Twain’s statement seems quite appropriate for the Christian steward who is hearing God’s call to maximum generosity. Out of the turmoil and challenges of 2020 come some truly unprecedented opportunities to benefit the ministries we love. We offer these brief explanations as a primer, and we would be honored to discuss any or all with you.

But be advised, as of today, these opportunities come with an expiration date – most will **“cease to be one”** in the not-so-distant future – and some as early as December 31, 2021. So, if you are intrigued by saving taxes and motivated to give to the Lord’s work – please read on...

1. **No Adjusted Gross Income Limitation for Charitable Deductions** – Unprecedented in modern history is the ability to deduct charitable gifts **that could eliminate** your federal adjusted gross income for tax purposes. Planners believe this to be a genuine opportunity for:
  - high earners,
  - those who have cash reserves, and
  - those with a heart to give to Kingdom work.

**Don’t forget – even non-itemizers can deduct \$300 (\$600 joint filers) in charitable gifts in 2021!**

2. **Cash In – Cash Out – No Tax Paid** – If you:
  - have qualified retirement assets that would normally be taxable if withdrawn,
  - are at least 59.5 years-old, and
  - you want to make a generous charitable gift,you can likely withdraw virtually any amount of cash, make a charitable gift of the same amount, and **pay no additional income tax**.
3. **A Basket Full of Losses** – If you have an investment that has lost capital value – and you wish to make a charitable gift – you can get a “two-fer.” Sell the asset at a capital loss, make a gift of cash from the sale – then use the capital loss and the charitable deduction to **reduce your taxable income**.
4. **Deduct a Gift Now – Deliver the Gift Later** – If you have real property (house, farm, or vacation home) which you would like to leave to your favorite ministry in the future – you can make the gift in 2021 but retain the use of the property for your lifetime. Because of the low interest environment, your charitable tax deduction is worth **a whole lot more** today – and you have up to six years to use it all.

5. **Maximum Tax-Free Income and a Charitable Gift in the Future** – For those who want to be generous with Kingdom Work – but **need the income** produced by their assets – a Charitable Gift Annuity (CGA) may make a lot of sense. With the CGA, you receive an immediate tax deduction and income for life. In today’s low interest environment, much of the income will be paid to you tax-free. Income after actuarial life-expectancy will be taxed as ordinary income.
6. **Avoidance of Capital Gains Tax, Income, a Charitable Deduction, and a Future Charitable Gift** – If you want to sell highly appreciated assets without paying tax at the time of the sale, The Charitable Remainder Trust is a flexible tool to achieve your goals. You can continue to receive income from the asset value, receive an immediate tax deduction, and make a future gift to your favorite ministry or ministries.
7. **Charity Picks the Fruit – Family Gets the Orchard** – Technically referred to as a Charitable Lead Trust, the concept has long been a secret of the “super wealthy.” With today’s low interest environment, assets can be passed to family members with low or no taxes in a much shorter period of years. The “fruit” picked by charity is annual income. The “orchard” is the asset producing the income. Once the ministry has picked enough fruit to offset the transfer tax to your family – the orchard (and the future fruit) can pass to family tax free.
8. **Qualified Charitable Distributions** – Sometimes referred to as a Charitable Rollover, the QCD allows you to instruct your IRA custodian to send up to \$100,000 per year to your favorite ministry or ministries. While this is not expected to change in the future, **your window of opportunity for 2021 closes on December 31**. Most custodians need at least a few weeks to process the distribution, so the sooner you initiate it the better.

**NOTE:** CDF Capital Foundation does not provide legal or tax counsel. Not all opportunities may apply to all individuals. Please consult your own professionals regarding possible benefit to you in your unique tax situation.

**For specific information and illustrations about any of the above opportunities, please feel free to contact Jeff or our Foundation Partners:**

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