

# 2022

Charitable Strategies

# PLAYBOOK



Updated for 2022  
Charitable Giving

# Charitable Strategies

# PLAYS

Welcome to the 2022 Charitable Strategies Playbook. We have created this short guide, in partnership with the National Christian Foundation, as an easy-to-use introduction to asset giving. Each Play describes a different type of asset or income situation from which generous Christians can give to their churches and other ministries.



Daniel Nehrbass  
President

Most of us, most of the time, support ministries by giving cash. And while that is a wonderful thing to do, for those who have assets there are often more tax efficient ways to give. Understanding our choices can let us give more or give more gracefully by preserving cash.

Everyone on our team is available to answer questions and help you determine if asset giving could be a blessing in your life. And everyone on our team is already blessed by the wonderful giving you have already done.

Thank you for supporting our ministry!

## Play 1

Easy Asset Giving



## Play 2

Creative Employment Giving



## Play 3

Unique Retirement Giving



## Play 4

Complex Asset Giving



## Play 5

"Impossible" Asset Giving  
(Difficult Assets)



## Play 6

Leave a Legacy to Night-  
Light Christian Adoptions



# THE PLAYING FIELD

The purpose of this Playbook is to let generous Christians know about the many ways they can give to the ministries they love. The usefulness of the different opportunities or “Plays” as we’re calling them, varies with each donor’s assets, income, giving goals and stage of life. With that in mind, our illustrations are not prescriptive ... we are not telling anyone what to do ... but rather informative in an effort to let our friends and donors know what they can do. On this page you will find a short summary of the laws guiding Income Tax Charitable Deductions and a list of assets to which these rules apply. The asset list will also guide you to one or more appropriate “Plays”. We hope the information is a helpful blessing.

## Basic Charitable Giving Tax Rules

- » Anyone can give stock, real estate, crypto-currencies, or business interests they’ve held for more than one year to a public charity, get a fair market value deduction against 30% of their Adjusted Gross Income (“AGI”), and not pay taxes on the capital gains.
- » Those over age 70 ½ can make up to \$100,000 in Qualified Charitable Distributions from an IRA account directly to a public charity and not have that distribution count as income.
- » Anyone can donate cash to a public charity, which includes their Giving Fund at NCF (a “donor-advised fund”) and deduct up to 60% of their AGI or donate a combination of cash and assets and deduct up to 50% of their AGI.

### Cash — Always Deductible

### Long Term Capital Gain Property

Publicly Traded Stock	<b>Play 1</b>
Investment Real Estate	Easy Asset Giving
Vacation Home	
Privately Held Business interests	<b>Play 4</b>
Restricted Stocks	Complex Asset Giving
Promissory Notes	

### Deductions Limited to Cost

Short Term Gain Property	<b>Play 5</b>
Agricultural Products	"Impossible" to Give Assets
Inventory	
Art, Cars and Boats	
Life Insurance	
Annuities	
Intellectual Property	

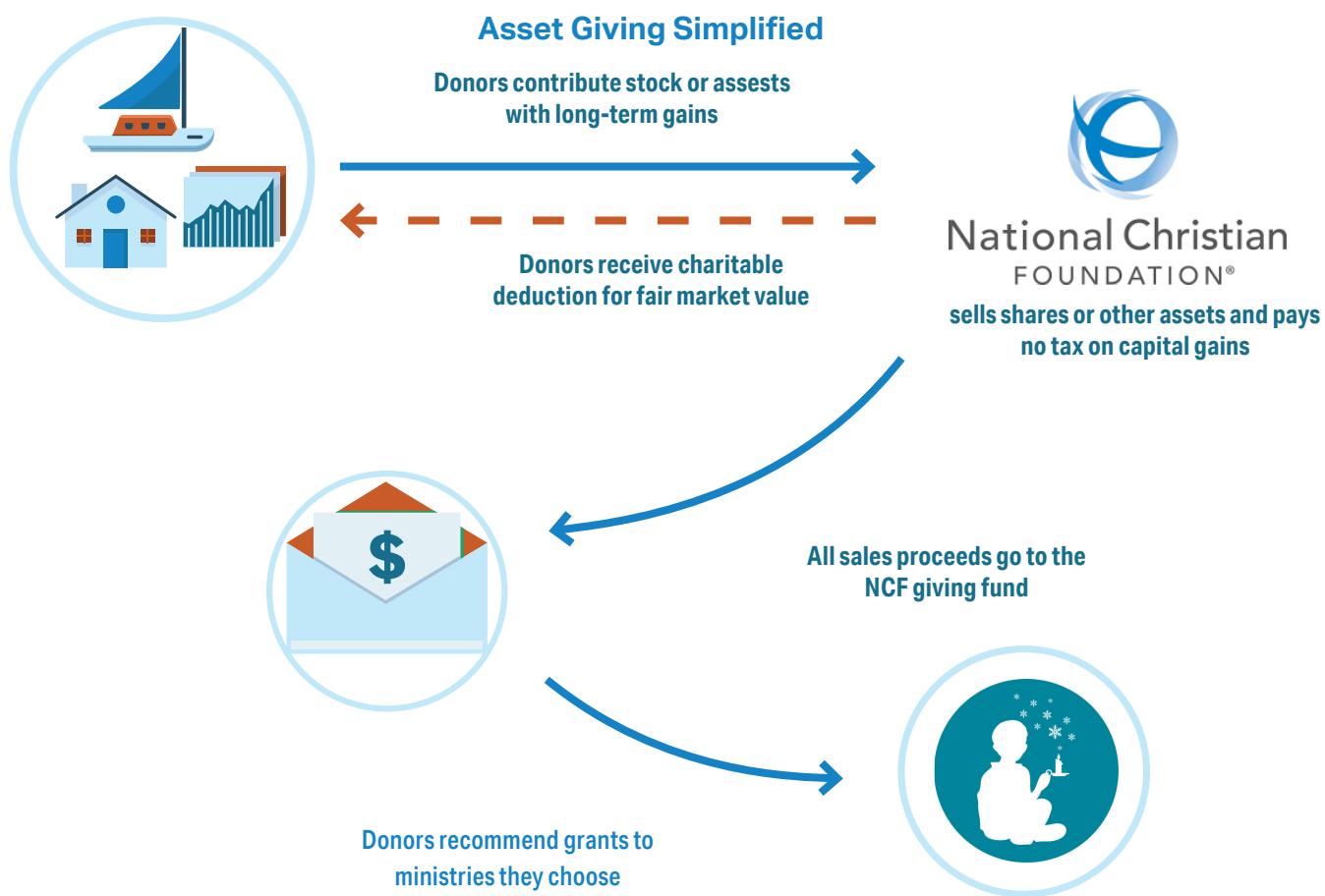
### Interests You Can Not Usually Donate

Deferred compensation interests (Options, Restricted Shares Units)	<b>Play 2</b> Creative Employment Giving
Pension Plan and IRA Funds (With Exceptions for IRA's held after age 70 1/2)	<b>Play 3</b> Unique Retirement Giving

# PLAY 1

## Easy Asset Giving

If you are currently writing checks to charities, but also have assets such as appreciated stock or debt-free real estate, you may be able to give more by reducing capital gains taxes and improving your personal cash flow. The key is to donate appreciated assets BEFORE you sell them. When donating publicly traded securities, you receive a fair market value deduction (with no appraisal required) and have funds for granting to ministries as soon as the shares are sold. Real estate takes longer (as you will need an appraisal) but even that process is straightforward and relatively simple. Easy Asset Giving is a great way to support your favorite ministries.

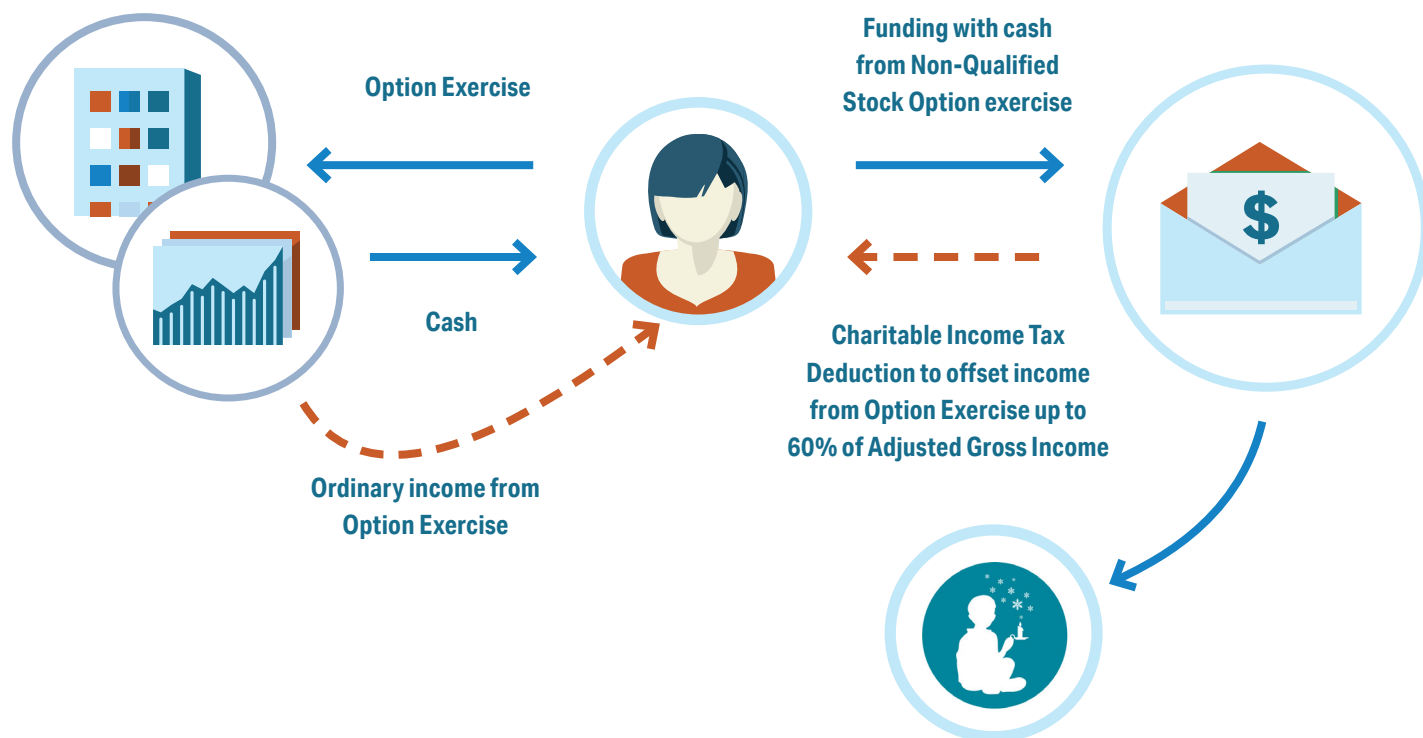


# PLAY 2

## Creative Employment Giving

Many employees at publicly traded companies have significant compensation in the form of non-qualified stock options or Restricted Share Units. Under the tax laws, these contract rights are usually not assets that can be donated before being exercised. The holder's only option is to exercise at which point the "gain," the amount in excess of any required payments, is taxable as ordinary income or capital gains.

But - for those who wish to do charitable giving, just paying taxes on your Options or Restricted Share Units is not the whole story. For Federal income tax purposes, donations of cash are deductible for up to 60% of Adjusted Gross Income (AGI) which is your income from all sources. When you have option exercise income, that amount is added to and included in your AGI. You can then take a deduction for charitable cash donations up to 60% of your increased AGI. By carefully planning the amount of options that you exercise ... in light of your other income ... you can donate your option exercise income to charity and effectively achieve a federally tax-free option exercise! The longer time you have to exercise options and the more other income that you have, the more you can convert option income into charitable giving.



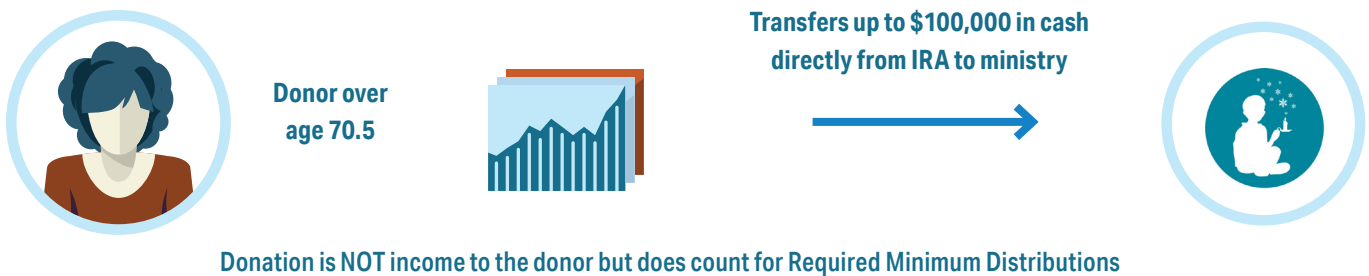
# PLAY 3

## Unique Retirement Giving

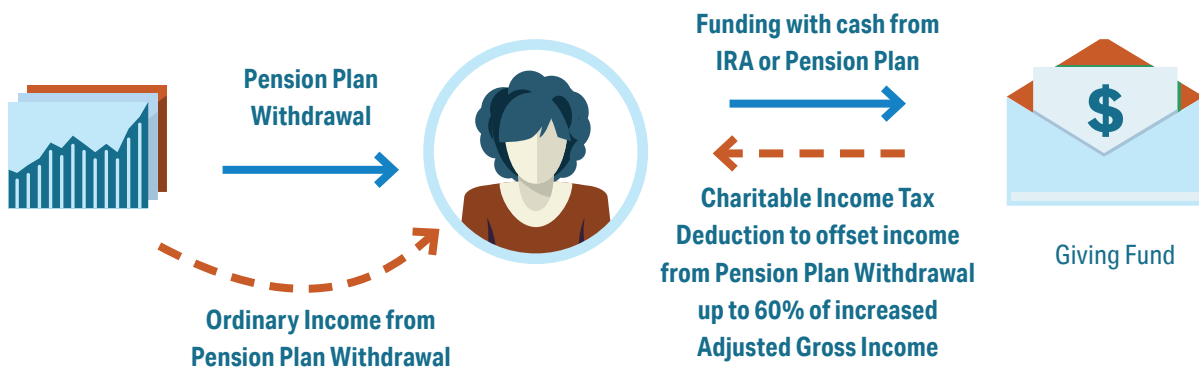
There are two tax-advantaged ways to access retirement accounts for charitable giving. First, anyone over age 70 1/2 can give up to \$100,000 per year directly to public charities from an IRA account. This is a so-called Qualified Charitable Distribution (QCD). Done correctly, the QCD is NOT considered income to the donor but does count toward any Required Minimum Distributions. It's a wonderful giving tool.

In addition, anyone over age 59 1/2 can usually withdraw funds from a pension, profit sharing plan or IRA without tax penalties. While such withdrawals are usually taxable income, since charitable donations of cash are deductible against 60% of adjusted gross income, donors who have other income can withdraw amounts that would then equal 60% of their new AGI (other income plus the pension withdrawal), donate the cash to charity and substantially reduce or even eliminate taxes on their retirement plan withdrawal.

### Qualified Charitable Distribution Directly to Ministry



### After age 59.5 Taxable Pension Plan Withdrawal

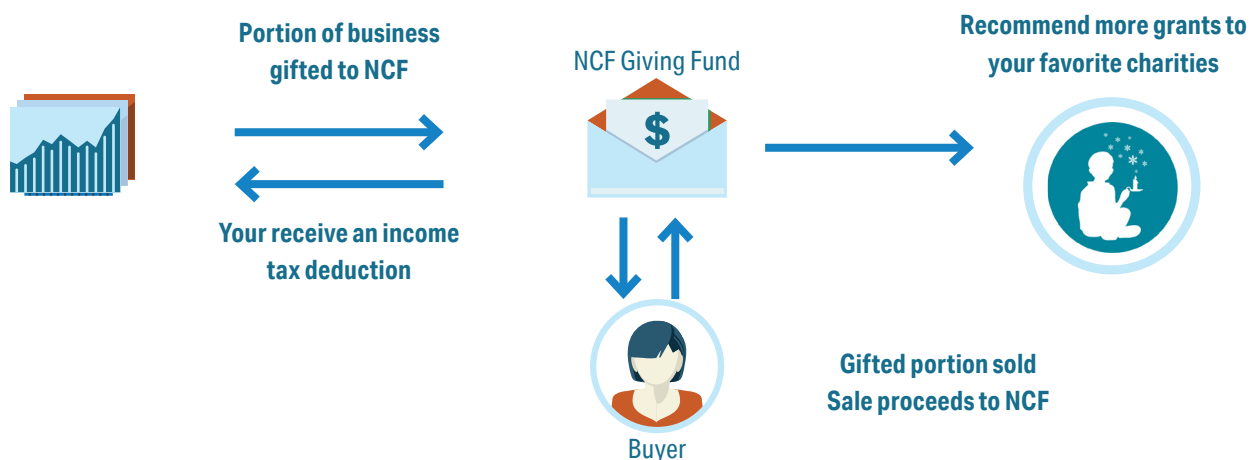


# PLAY 4

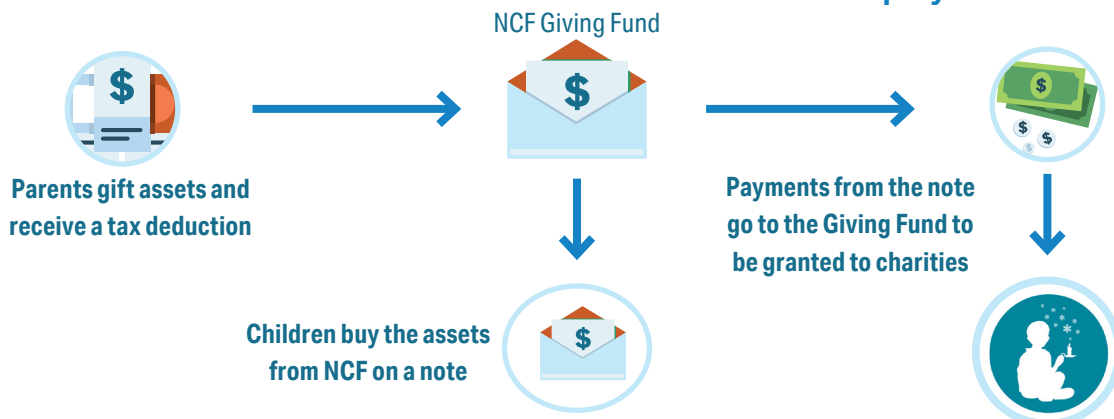
## Complex Asset Giving

The same techniques that are used for Easy Asset Giving can allow the giving of Complex Assets such as interests in closely held businesses. The “complexity” comes simply from the difficulty of selling any closely held business with due diligence, financing and tax considerations. But the fundamental technique is the same. In addition, business assets can be given permanently to NCF under our “Give and Hold” strategies or can be given for subsequent sale to family members or employees.

### Give Business Interests to Ministry



### Use Gift of Business with Sale to Children or Employees

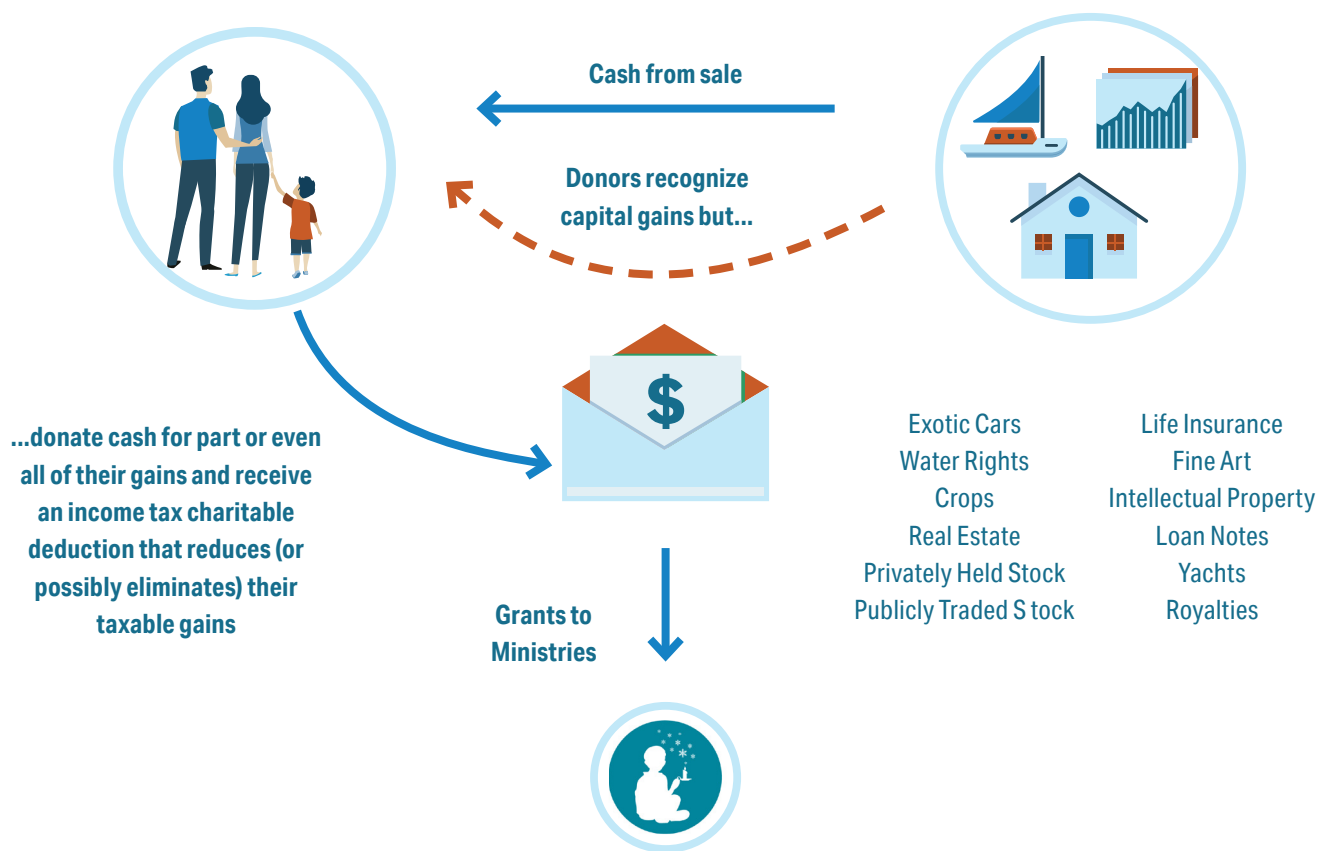


# PLAY 5

## “Impossible” Giving with Difficult Assets

Some assets can not be easily donated to Charity for tax or other reasons. When giving encumbered real estate, the mortgaged portion is treated as a sale which reduces or even eliminates the charitable tax deduction. Art, Inventory and most intellectual property can be donated but the deduction is usually limited to what the donor paid for the property. And some assets, such as polluted real estate, can not be donated at all simply because the charities can not afford the environmental risk. These assets can, however, be sold and the taxable gains reduced or eliminated by a subsequent charitable contribution of cash from the sale. While the deduction is limited to 60% of the donor’s Adjusted Gross Income, that is *after* increasing AGI by the gains from the sale. Often times, that works just fine.

### Sell “Ungiftable” Art, Polluted Property or Other Assets





# PLAY 6

## Leave a Legacy to NightLight Christian Adoptions

Our mission is to share God's love by:

- Helping children, both domestic and international, to find loving families
- Assisting birthparents and genetic parents in making a wise and loving plan for their child's future
- Securing permanency for children in foster care, whether through family reunification or certifying foster parents open to adoption
- Preparing and supporting families to be committed and effective parents to adoptive children
- Recognizing and advocating the personhood of pre-born children

We are committed to carrying out our mission in a way that will bring glory and honor to our Lord and Savior, Jesus Christ.

Suggested language for designating a gift to NightLight Christian Adoptions in your estate plan:

### For a Residual Gift

"I give, devise, and bequeath to Nightlight Christian Adoptions, Tax ID #95-2254634, for its general purposes, all [or state fraction or percentage] of the rest, residue, and remainder or my estate, both real and personal. Nightlight Christian Adoptions may be contacted at 1528 Brookhollow Dr #100, Santa Ana, CA 92705. To the extent possible, all charitable gifts shall be paid from Nightlight Christian Adoptions in respect of a decedent."

### For a Specific Gift

"I give, devise, and bequeath to Nightlight Christian Adoptions, Tax ID #95-2254634, the sum of \$\_\_\_\_\_ or \_\_\_\_\_%, for its general purposes. Nightlight Christian Adoptions may be contacted..."

### Corporate Legal Name

NightLight Christian Adoptions

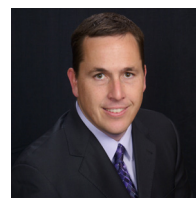
Federal Tax ID #95-2254634

1528 Brookhollow Dr #100

Santa Ana, CA 92705

(714) 693-5437 | [www.nightlight.org](http://www.nightlight.org)

### For More Information



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(714) 693-5437

# CONTACT US

## NightLight Christian Adoptions



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Daniel is the President of Nightlight Christian Adoptions, home of the Snowflakes® Embryo Adoption program. He has worked as a pastor, professional counselor, and adjunct professor of biblical studies at Biola University. He is also a published author of four books and numerous articles in adoption and religious magazines. Dan is a board member of Every Child Has a Name, the National Christian Adoption Fellowship, A Helping Hand, and on the organizing committee of Adopted for Good.

## National Christian Foundation



**Bryan Feller**  
President, NCF California  
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(949) 529-6861

Bryan serves as the President of the National Christian Foundation of California. He and his team help generous families throughout California find tax-smart giving strategies to increase their Kingdom impact. Bryan also hosts a weekly video podcast, along with his co-host Bob Fry, called “The Bob & Bryan Show” that provides education to donors, advisors, and ministry leaders on the latest strategies in philanthropy. He married his high school sweetheart, Becky, 30+ years ago. They are now “empty-nesters” with two married children, Westley and Courtney, and a grandbaby, Conrad.



[ncfgiving.com/california](http://ncfgiving.com/california)

**949.263.0820**



### **NightLight Christian Adoptions**

Federal Tax ID #95-2254634

1528 Brookhollow Dr #100

Santa Ana, CA 92705

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