2026

END OF YEAR

generosity guide

neighborhood
CHURCH

Introduction

Christmas is a season of joyful celebration that is accented by the spirit of giving. Think about the most meaningful gift you've ever received, then think about the most thoughtful gift you've ever given. Every gift says something about the giver, but it also says something about the receiver.

Jesus said, "For God so loved the world that he gave his one and only Son, that whoever believes in him shall not perish but have eternal life."

JOHN 3:16 · NIV

As we approach the end of the year, we ask that you prayerfully consider *enhancing your legacy* by making an end of year gift to honor Christ's birth and the work of God's Kingdom through Neighborhood Church.

You can do that through a cash gift from income, but there are creative ways you can make gifts that provide unique tax benefits to make you an even more effective steward. **Here are 12 ideas to consider.**

01 Publicly Traded Stock

One of the simplest gifts you can make is giving appreciated stock. When you give stock, you receive a tax deduction and eliminate capital gain on the appreciation. The IRS accepts the NYSE valuation, so no appraisal is required. The gift value is determined by the average of the high and the low selling price on the date of transfer (the date the church receives it into its brokerage account) multiplied by the number of shares contributed.

02 Privately Held Stock

Privately held stock must have a qualified appraisal, which may make small gifts inefficient.

SUBCHAPTER S (S-CORP) STOCK

The evaluation of S-Corp stock is reduced by hot assets. Hot assets are inventory and receivables. Gifts are limited to 70% of Gross Revenue of the company. The deduction = 60% of Fair Market Value less the hot assets, with a 5-year carry forward. The governing documents must permit transfer to and ownership by the Church.

C-CORP STOCK

LLCs have members and C-Corps have shareholders, depending on the tax election of the entity. A member or shareholder may give C-Corp stock to the Church; the stock is then repurchased by the company as treasury stock. The donor forfeits ownership of those shares and the corporation issues a check to the Church. The corporation cannot require the Church to sell back.

RESTRICTED STOCK UNITS (RSUS)

RSUs are restricted by Shareholder Agreement Rule 144. The stock must become unrestricted by the corporate secretary to release the restriction.

03 Mutual Funds

To give from mutual funds, determine the number of units you wish to give and have them sent to the church's brokerage account. Then provide a gift letter to your advisor stating it is intended to be a charitable contribution. Gifting mutual funds may take 6–8 weeks to complete the transfer, so please be sensitive to time constraints.

04 Real Estate

Deed transfer of unencumbered, privately held residential real estate. The deduction is established by the appraisal, not Fair Market Value, and is eligible for a tax deduction while avoiding capital gains tax.

BARGAIN SALE

A transaction in which the donor receives less than the Fair Market Value of the property transferred to the Church. The transaction is treated as part sale/part gift, with the donor's basis allocated proportionally between the gift and the sale amount. Any debt-encumbered property is treated as a bargain sale, and the gift value is net of the loan amount.

RETAINED LIFE ESTATE

Donors can give a personal residence or vacation home while retaining the right to live there. The transfer is made via deed, and the deduction is for Fair Market Value less the remainder interest, depending on life expectancy or term of years.

Note: For each gift to be documented appropriately, the giver will need to attach the appraisal and IRS Form 8283 to their tax return.

05 IRA Qualified Charitable Distribution

If you are age 70½ or older, you can give up to **$111,000** per year from your IRA through a Qualified Charitable Distribution (QCD). You do not receive an income tax deduction for this distribution, but you eliminate the ordinary income tax you would otherwise owe on it. Your QCD counts toward your required minimum distribution.

06 IRA Required Minimum Distribution

In December 2022, the SECURE 2.0 Act was signed into law, raising the age for the Required Minimum Distribution (RMD) to 73. The RMD is the minimum mandatory distribution each IRA holder must receive each year; failure to take it results in a 25% penalty. One way you can give is to assign your RMD directly to the Church. Because the money bypasses your income, ordinary income taxes are eliminated, though you will not receive a tax deduction for the gift. To use this strategy, you will need to use the charitable rollover provision from your IRA.

07 Grants from Donor Advised Funds

A Donor Advised Fund (DAF) is like a charitable investment account for the sole purpose of supporting charities you care about. When you invest cash, securities or other assets into a DAF, you can receive a tax deduction at the time of the investment. Those funds are then invested for tax-free growth, and grants may be recommended to virtually any IRS-qualified public charity, including your church. DAFs funded with cash receive a tax deduction, while DAFs funded with appreciated assets can avoid capital gains tax and remove an asset from your estate. If you have a DAF, you may direct a grant from your fund.

08 Personal Property

Personal property is, by definition, *"anything you can touch and move."*

Personal property can receive an ordinary income tax deduction, but the capital gain reduction is based on the qualified appraisal. This includes cryptocurrency, which is treated like personal property.

If personal property is given to the Church, the cost basis is used to establish the deduction. If it is given for the use of the Church to further its work, the Fair Market Value is used.

09 Directing End of Year Bonuses

If you have the right to receive or direct the funds, you're liable for the ordinary income tax. If your company gives you the opportunity to direct the bonus, you may avoid the tax, but you will not receive the deduction.

10 Oil & Mineral Interests

Standard royalty interests are the most commonly gifted and qualify for an ordinary tax deduction at Fair Market Value. They can be difficult to appraise due to volatile market conditions.

11 Charitable Remainder Trusts

A Charitable Remainder Trust is established so the donor retains interest income for life and/or a term of years not to exceed 20. At the end of the term, the remainder is granted to your church or additional charities. If you have a Charitable Remainder Trust with the Church as a named beneficiary, you may direct part or all of the income to the named beneficiary.

12 Charitable Lead Trusts

A Charitable Lead Trust pays income to the church for a term of years determined by the giver. The remainder is then distributed back to the giver (grantor) or the heirs (non-grantor) at a reduced gift or estate tax rate.

Ready to get started?

Kelly Thomas

EXECUTIVE PASTOR

Have a question about giving to Neighborhood Church? Kelly would love to help.

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These gifts from your non-cash assets enable you to give what you want, not just what you can. They also provide strategic solutions to mitigate ordinary income and capital gains taxes.

Begin today

These gifts take time to structure and complete, and some, like mutual funds, can take 6–8 weeks to transfer. Starting now helps ensure your gift is completed by the **December 31** deadline for deductions.

Neighborhood Church does not provide tax or legal advice. Please consult your financial advisor to determine the most appropriate giving strategy for your situation.

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