## Taxes and Charitable Giving

Breakthrough Club could not exist without the charity of the many friends and supporters of Breakthrough Club. Contributions from individuals play a vital role in the success of our agency. Your support makes a difference! It enables Breakthrough Club to provide the quality, caring services our client's depended upon.

For starters, everyone should know that Breakthrough Club is a qualified charity under the Internal Revenue Code and donors enjoy the deductible benefits of each gift under Federal and stated tax codes. The most common way of giving is to write a check and deduct that amount together with the one other itemized deduction on the tax returns. This procedure has the nest effect of reducing the tax bite by the effective rate of taxation. Cash is wonderful and greatly appreciated.

Another wonderful thing is a gift of appreciated property like shares of stock. The way this works is that if you have a stock that was bought low and has now gone up in price, the stock can be given to Breakthrough Club and you may take a deduction for the full present value of the stock without having to pay capital gains tax. For instance, if you bought the stock for $100 per share and it is now worth $150 per share you could do one of two things. First (a bad thing), if you sell the stock and give the proceeds to Breakthrough Club you must pay the capital gains tax on the $50 per share profit even though you get a page two deduction of $150 per share. Second (a good thing), if you deliver the actual stock to Breakthrough Club's account you pay no capital gains tax and are still able to deduct the full appreciated value of the stock.

A person with an employer who matches gifts made by employees should let that employer know when Breakthrough Club is the recipient. This often has the net effect of doubling the individual gift. Corporations sometimes have some difficulty in fully funding matching gifts with the money set aside for this purpose. They are ignorant of their employees' gifts. Although there is no tax benefit to the individual, some companies including brokerage firms are now giving gifts to charities in the name of their client. Usually this is done around the end of the calendar year and the company will advise the client that a donation will be made in client's name to a certain charity. Feel free to tell the broker that the gift should be made in your name to Breakthrough Club.

If one has a living trust, it is easy to make a charitable donation of a specified amount to be included in the trust contingent on some future event - death or the failure of some individual or entity to survive the person creating the trust. All of the above contemplates the fact that someone does something to benefit Breakthrough Club while still alive. There are also things that can be done after death. Remembering Breakthrough Club in a will is easy to do. Simply specify that Breakthrough Club is to receive a certain amount or percentage of a certain fund or a certain asset. A trust may be set up through a will that funds a gift to Breakthrough Club either directly or contingent on some future event such as the death of a loved one or certain beneficiary. Since the Federal Estate Tax still exists, the exposure to the Estate Tax can be reduced or eliminated by taking advantage of the unlimited estate tax charitable deduction.

The items suggested above have a variety of names in legal shorthand such as testamentary gift, testamentary trust, intervivos trust, contingent charitable trust, contingent charitable remainder trust, and so on which brings us to the "disclaimer". None of the above should be considered legal advice which would fit any of our readers to a T. These are merely suggestions of areas to explore with one's lawyer and accountant. The staff a Breakthrough Club is available to work with your experts to accomplish your desires and needs relative to the desires and needs of Breakthrough Club.