



Charitable Gift Options & Tax Benefits to Consider When Giving to Jordan Catholic School's *Shaping the Future* Capital Campaign

- ❖ If you itemize deductions on your federal income tax return the contributions you make will reduce your federal income tax. The reduction in tax is dependent on your marginal income tax bracket. For example if you are in the 25% bracket a contribution of \$1,000 will reduce your taxes by \$250. If you are in the 33% bracket it will reduce your tax \$330.
- ❖ A contribution is tax deductible in the year in which it is paid.
- ❖ Contribution deductions of cash are limited to 50% of the taxpayer's adjusted gross income in the year of the contribution. Any excess is carried over and may be deducted in the subsequent five years.
- ❖ The contribution of appreciated marketable securities (stocks or bonds), held more than one year is equal to the computed fair market value on the date the security is endorsed as a gift. The charitable contribution deduction is equal to the computed fair market value which is the average of the high and low price of the security on the date of the gift. The benefit of such a gift beyond the charitable deduction is that the gain on the security is not subject to tax. For example if stock with a fair market value of \$10,000 is gifted and the stock was purchased for \$1,000, the gain of \$9,000 that would be taxed if the stock were sold is not taxed if the stock is gifted.
- ❖ Contribution deductions of appreciated securities are limited to 30% of the taxpayer's adjusted gross income in the year of the contribution. Any excess is carried over and may be deducted in the following five years.
- ❖ The contribution of real estate held more than one year is equal to the appraised value of the property on the date of title transfer. The charitable deduction is equal to the fair market value as determined by a qualified appraiser. The contribution limitations are similar to marketable securities.
- ❖ Contributions of life insurance, annuities, or other forms of assets or the creation of a charitable trust also have significant tax benefits but will require the guidance from your personal financial advisor..
- ❖ Another form of contribution is a planned future gift by naming Jordan Catholic School as a beneficiary of your IRA or by a specific bequest in your will or trust.

The above guidance is given to assist you as you consider your gift to Jordan Catholic School. However, specifics to your personal tax situation should be discussed with your tax/ legal advisor before action is taken to make sure it accomplishes your charitable wishes.

Please contact **Janine Parr at the Jordan Catholic School Development Office at 309-793-7350 extension 210** if you have questions or wish to obtain additional information.