

## ***Prepared for the Benefit of the Friends of Bluefield College***

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We are fast approaching that time of year when the pace of life seems to quicken as we fill our schedule with seasonal events and gatherings with friends and family. While this is often a time of great activity, it can also be a time of important reflection. As 2018 comes to a close, perhaps you find yourself asking questions like the following:

- Who are the people I should contact and spend time with before 2018 is over?
- Are there organizations that need my support who have played an important role in my personal story?
- Are there organizations that reflect my values and priorities that need my support?

During this time of annual reflection and activity, it is not surprising that traditionally more than 50% of charitable giving in the United States occurs in the final month of the year. This annual outpouring of generosity is what sustains the nonprofit institutions and organizations that people hold dear.

**At Bluefield College, we remain ever hopeful that those who care about our mission and vision will continue to find ways to support us generously at year-end.** Whatever your reason for giving, charitable organizations like ours need support more than ever, and we hope charitable people will continue to be a transformational force in our country and the world.

Here are some tips to help you make the most of your year-end giving:

### **Determine your tax liability for the year.**

Before the hustle and bustle of the holidays takes over, consider pausing to calculate your income and determine your tax liability for the year. Did your income increase? Did you sell any appreciated assets? Will you owe more taxes? If so, this alone may motivate you to increase your giving before December 31. In fact, you may even want to move some of your giving to occur earlier than next year to create a larger charitable giving deduction for yourself this year, particularly in light of recent tax law changes. A major change enacted with the *Tax Cuts and Jobs Act of 2017* that went into effect in 2018 was to significantly increase standard deduction amounts – virtually doubling these levels. Below are the standard deduction levels for 2018 tax returns.

### ***2019 Standard Deduction Levels***

<b>Single</b>	<b>Head of Household</b>	<b>Married Filing Jointly</b>
\$12,200	\$18,350	\$24,400

Given these changes, how do your eligible itemized expenses (charitable giving, mortgage interest, state and local taxes being the most common) stack up? Did you shift from being an itemizer last year to a “borderline itemizer” this year? If your itemized expenses are close to any of the new standard deduction thresholds, you may find it advantageous to increase your giving before December 31 and then consider filing an itemized tax return every other year.

In any case, by the time you complete your income tax return, it will be too late to make charitable gifts for the previous year. Take the time to do some planning while you still have the opportunity to make adjustments and provide a year-end gift.

Generally speaking, the tax code limits your charitable deductions each year to a percentage of your adjusted gross income (AGI), depending on the type of gift. The new tax law increased the overall amount that can be deducted on an annual basis – from 50% of one’s AGI to 60% of AGI (note: this increased threshold applies to cash gifts). Overall, this is a 20% increase on the amount of giving that can be considered tax-deductible in any given year. Furthermore, the 5-year-carry-over benefit was retained, meaning in any year if cash gifts exceed 60% of AGI, the overage can be claimed as a tax deduction in the following year’s tax return and any continued excess can continue to be carried over and claimed for up to five years.

### **Review your investment portfolio.**

As year-end approaches, it’s a good idea to review your portfolio. And in particular, it’s worth looking at the stocks you have held for more than a year to identify those that have appreciated in value. Which ones have appreciated the most? It may be prudent for you to make your year-end gift using one or more of these stocks.

Here’s why: If you sold the stock, you would incur capital gains tax on the appreciation. However, if you give the stock and allow Bluefield College to sell it, capital gains taxes are avoided. You receive a charitable deduction for the full fair market value of the stock (subject to the deduction limits discussed above), just as you would if your gift was made with cash. If you can’t use all of the income tax charitable deduction resulting from the gift, you can carry it forward for up to an additional five years. The annual deduction limitation for appreciated securities is 30% of AGI.

The fair market value for securities is the average price per share between the highest and lowest selling prices on the date of delivery. For mutual funds, the fair market value is the price per share at market closing on the date of delivery.

The flip side of giving from securities may make sense as well. If you own securities worth less now than when purchased, you can sell them and contribute the cash proceeds. This way, you can take a capital loss on your return, which you can't do if you donate those securities directly to Bluefield College.

### **Do your giving early.**

This is especially true if you want to make a gift of non-cash assets (stock, real estate, etc.). Your professional advisor or broker may be extremely busy as the year winds down. The sooner you can get your gift activity going, the more likely you are to complete it before the end of the year and maximize its impact.

As you consider your year-end charitable giving priorities, you may benefit by considering these questions:

How much have I/we already given?

- o to my place of worship \$ \_\_\_\_\_
  - o to my school, college, or seminary \$ \_\_\_\_\_
  - o to support health care and research \$ \_\_\_\_\_
  - o to other important organizations \$ \_\_\_\_\_
- Total** \$ \_\_\_\_\_

Does this amount meet/exceed my/our intended target for charitable contributions for the year? Have my/our circumstances changed in a way that I/we can contribute more?

**Talk to your advisors.**

Before making any significant gift to Bluefield College or to any other nonprofit organization, you should have your CPA, attorney, and/or financial advisor help you understand the impact of your gift on your income tax return and estate. We at Bluefield College want your giving to be prudent, generous, and joyful.

**We Can Help**

As you can see, your tax benefits depend on what you give and when you give it. We can assist you and your financial advisors with the planning and details of making a gift to help support our mission. We appreciate your support, so we'll do all we can for you in return. Please remember to consult your professional advisors before you make a gift.

**YEAR-END GIVING FAQ'S**

***Is my gift to Bluefield College tax deductible?***

Yes. Because Bluefield College is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, all gifts to the (*Type of Institution*) are tax deductible. To determine the amount you can deduct, consult your tax advisor.

***Do I need a receipt to claim a tax deduction?***

Under IRS rules, you cannot claim a tax deduction for a contribution of cash or other property unless you maintain a record of the contribution in the form of either a bank record (such as a cancelled check) or a written communication from the charity (such as a receipt or a letter) showing the name of the charity, the date of the contribution, and the amount of the contribution.

In addition, for a single gift of \$250 or more, you are required to have a receipt from the charity to substantiate your claim.

If you make a quid pro quo contribution — that is, when you receive goods or services in exchange for a portion of your gift — the (*institution/organization*) is required to issue you a receipt specifying the amount of the contribution and the goods and/or services received. For example, if you attend a benefit dinner and your charitable contribution includes the cost of the

dinner, then the fair market value of this dinner must be subtracted from your charitable deduction.

***What is the status of the IRA Charitable Rollover provision?***

Donors who gave directly from IRA accounts in the last several years may do so again as the IRA Charitable Rollover provision, which has allowed individuals over age 70½ to directly transfer up to \$100,000 per year from an IRA account to one or more public charities other than a donor-advised fund while avoiding both income and estate tax, has been made permanent with the recent tax law changes. Let us know if you have an interest in making such a gift and we can advise you.

***Does the receipt have to be a physical note?***

No. An electronic receipt is just as acceptable as a letter or postcard.

***When will I receive my receipt from Bluefield College?***

Receipts are issued as promptly as possible as gifts are received.

***Do I need to provide a receipt to the IRS?***

No. Just keep your receipt in a file to support your claimed tax deduction (in case you are audited). The statute of limitations for the IRS for a substantial understatement of income tax is six years, so retain the receipt for at least that long. Depending on what type of contribution you make, you may want to keep it longer. Consult your tax advisor for details.

***What is the last day I can make a contribution in 2018?***

It depends on your gift. If you're contributing by credit card at Bluefield College's online giving page you have until midnight, December 31. Your credit card must be charged in the same tax year that you want to claim a deduction.

If you are sending a gift by mail the donation is effective on the date mailed as indicated by the postmark. If the envelope is postmarked by December 31 the gift is credited to 2018 even if it is physically received by the charity in 2019. The postmark is the key to your deduction and not the date on the check or the date a security certificate is signed over.

A large number of individuals donate securities at year's end. Many of these gifts are electronically transferred to Bluefield College directly from the donor's broker. In the case of electronic transfers, the gift becomes effective the date the funds are reflected on the charity's bank or brokerage account, not the date you instructed your bank or broker to make the transaction. Electronic transfers can be greatly affected by volume. As we get closer to December 31st it may take several days to move your gift from one account to another. Make sure you have given yourself sufficient time to make a gift of securities.

***Thank You!***

As the season of reflection and generosity approaches, please accept the thanks of the BC family for your generous support of Bluefield College. For more information about the year-end giving opportunities at Bluefield College, contact Hal Keene at 276.326.4209 or [vkeene@bluefield.edu](mailto:vkeene@bluefield.edu). You may also visit our website at [www.bluefield.edu/giving](http://www.bluefield.edu/giving) for more

information or to make a gift online. Please use the enclosed confidential reply card or call our offices if we can be of service in any way. We are here to help you in any way we can.

May 2020 bring you and your family health, happiness, and prosperity!

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Sincerely,  
Hal Keene, Director of Planned Giving and Major Gifts  
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