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Make a difference and save taxes through charitable donation to church

At this time, we are between stewardship and development directors so I am writing as guest columnist on four important issues. See the next issue for an announcement of the new director of the Stewardship and Development Office.

Did you know:

- Farmers can donate grain instead of cash and save on taxes?
- Donations from an IRA account can be done without paying taxes on the withdrawal?
- A 40 percent North Dakota tax credit is available for donations to a qualified endowment fund?
- Charitable Gift Annuities provide income for life and a charitable deduction this year?

Farmers may reap benefits

Tax laws allow farmers to gift grain or crop production to charity (e.g. diocese or parish). There are significant tax benefits of giving grain instead of cash.

Grain is delivered to the elevator in the name of the charity, the farmer notifies the charity, the charity notifies the elevator to sell and the check is sent to the charity.

The farmer does not count the value of the grain sold by the charity as income, thus avoiding all income and self employment taxes, and is allowed to deduct the expenses related to the production of that grain on Schedule F in the year paid.

This is a wonderful way to provide the first fruits to God's service without bearing the burden of Caesar's tax.

Charitable IRA contribution

This provision in the tax law expires Dec. 31, 2011.

A qualified charitable distribution is money that individuals who are 70- and-a-half years old or older may direct from their traditional IRA to eligible charities. The provision has a cap of \$100,000.

Individuals may exclude the amount distributed directly to an eligible charity from their gross income; thus saving on taxes.

40 percent tax credit

North Dakota Senate Bill 2160 was signed into law during the 2011 legislative session, and provides for a 40 percent tax credit (a direct reduction in taxes) if gifts made during the year equal or exceed \$5,000 to a specific qualified endowment fund.

The maximum credits allowed to individuals are \$10,000 or \$20,000 (if a married couple filing jointly). Therefore a married couple could give \$50,000 to an endowment fund and be eligible for the full \$20,000 credit.

The Catholic Development Foundation exists to provide qualified endowment funds for each of our parishes, and for seminary and clergy education, respect life activities, education and youth programs, and so on.

Charitable Gift Annuity

This form of gift is described generally as a transaction in which an individual transfers cash or property to the Catholic Development Foundation in exchange for fixed annuity payments to one or two life annuitants.

A portion of the gift provides for an immediate tax deduction for the donor. The individual is able to specify a beneficiary for any money remaining upon the death of the annuitant or the death of the second annuitant if a joint annuity.

This column space does not allow for a full discussion of these tax saving opportunities to support the church today and/or into the future. Individuals should consult their tax advisers for information specific to their situations. For more information on these or other opportunities to support the work of the church, contact the Stewardship and Development Office at (701) 356-7925.

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