

Year-End Giving Strategies and FAQ's

All gifts to the MLS Foundation, whenever they are given, benefit the ministry of MLS. However, the year's end gives you a final opportunity to reduce current-year income taxes. There are also different options to consider. Some gifts can provide particularly attractive tax benefits, while others can combine these benefits with an income Here are some helpful year-end giving strategies to consider:

Prioritize Your Charitable Gifts

Consider these questions:

How much have I/we already given this year? 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?

◆	to my church	\$ _____
◆	to the MLS Foundation	\$ _____
◆	to other institutions or organizations	\$ _____
	Total	\$ _____

Prepay a Pledge

Consider prepaying a pledge due next year. Or make a larger contribution this year. (Pledges are deductible in the year fulfilled, not when made.)

Give Appreciated Securities

When you give appreciated securities you've held more than one year, you can claim deductions for their full fair market values and avoid any tax on appreciation. The fair market value for securities is generally the mean between high and low on the date of delivery. For mutual fund shares, their fair market values are their redemption prices.

Watch the Delivery Date

This determines the year of deduction. If you mail a check, the mailing date is the delivery date. For securities, the date of delivery determines both their valuation and the year of deduction. To be effective, delivery must be unconditional and the stock certificate must be properly endorsed, or a separate stock power must be provided. If handed to our agent, or us, that's the delivery date. If mailed to us, the date of mailing is the delivery date. If you arrange for the certificate to be reissued in our name, delivery is effective on the date when the security is transferred to us on the corporation's books, so be sure to allow enough time.

Invest in a Life Income Plan Now

These plans allow you to retain the security of income for the rest of your life while supporting our work and receiving a tax deduction. If you use appreciated securities to fund the plan, you get multiple tax benefits. You will be entitled to an income tax deduction based on the full-

appreciated value of the securities, and you will avoid capital gain taxes otherwise payable on the sale.

Take Capital Loss Yourself

If you own securities worth less now than when purchased, sell them and contribute the proceeds. This way, you can take a capital loss on your return, which you can't do if you donate those securities directly to us.

Make a Gift of Individual Retirement Account Savings

As part of the *Emergency Economic Stabilization Act of 2008*, congress has extended the IRA Rollover Gift provisions to distributions completed in 2008 and 2009. This bill is exactly the same as the *Pension Protection Act of 2006*, other than it revises it to make it apply to gifts made in 2008 and 2009 retroactive to January 1, 2008.

Under the law, a donor who is 70½ or older at the time of the charitable gift can make charitable distributions directly from an IRA of up to \$100,000 per year (to one or more charities) without having to report the IRA distributions as income. The donor claims no charitable deduction.

If both a husband and wife have IRAs, each may take advantage of this allowance to the fullest extent. This means that a couple could conceivably make a gift of \$200,000. Although this law does not allow charitable gifts from 401(k), 401(b) and other retirement plans, amounts distributable from these plans generally can be rolled into an IRA and then donated to charity as described above. The MLS Foundation will make it very easy to complete the gift by coordinating the IRA charitable rollover with your IRA custodian.

For more information, go to the MLS Foundation webpage and click on the link entitled "*IRA Rollover Extension Included in 2008 Financial Rescue Bill.*"

Ceilings and Carryovers

The tax code limits your charitable deduction each year to a percentage of your adjusted gross income, depending on the type of gift. But for each type of gift described below, you're allowed a five-year carryover of any "excess" deduction for use in subsequent years.

For a **gift of money**, you can deduct the amount up to 50 percent of your adjusted gross income. **On a gift of securities or real estate held long-term**, you can deduct the valuation up to 30 percent of your adjusted gross income. (By electing to deduct only the cost of that asset and other long-term property gifts carried over from earlier years, you can increase the ceiling to 50 percent.)

For a **gift of tangible personal property**, such as art or antiques, the ceiling depends on the relationship of the gift to the charity's exempt function. An example is a gift of a painting to an art gallery. A related gift is deductible at current fair market value up to 30 percent of your adjusted gross income (or 50 percent if you make the same election as for a gift of long-term securities or real estate, as discussed above). For an unrelated gift, your deduction is for the

lesser of the cost basis or current fair market value, up to 50 percent of your adjusted gross income.

YEAR-END GIVING FAQ'S

Is my gift to the MLS Foundation tax deductible?

Yes. Because the MLS Foundation is qualified as a tax-exempted organization under section 501(c)(3) of the Internal Revenue Code, all gifts to the foundation are tax deductible. For how much you can deduct, consult your tax advisor.

Do I need a receipt to claim a tax deduction?

Under new 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 MLS Foundation 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 for a MLS Foundation program and your charitable contribution includes the cost of the dinner, then that cost must be subtracted from your charitable deduction.

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 the MLS Foundation?

Receipts are issued as quickly as possible as gifts come in. Most receipts — even those for gifts made on December 31 — are issued by the end of January to help donors prepare for their taxes. If you make an end-of-year gift and do not receive your receipt by early February, contact us.

Do I need to provide a receipt to the IRS?

No. Just keep your receipt in a file to support your claim (in case you are audited). The statute of limitations for the IRS is generally three 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 2008?

It depends on your gift. If you're contributing by credit card at the MLS Foundation 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 31st the gift is credited to 2008 even if it is physically received by the charity in the first week of 2009. The postmark is the key to your deduction not the date on the check or the date a security certificate is signed over.

A large number of individuals donate securities and stocks at year's end. Many of these gifts are electronically transferred to the charity 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 stock or securities.

Thank You!

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. It is a blessing from God. You can be sure that we will do all we can to help you be a good steward in your giving.

As always, consult your professional tax advisors before you make a gift.