PROFESSIONAL ADVISORS

2023 creative giving guide

Solutions and strategies to help your clients send more to the causes they love

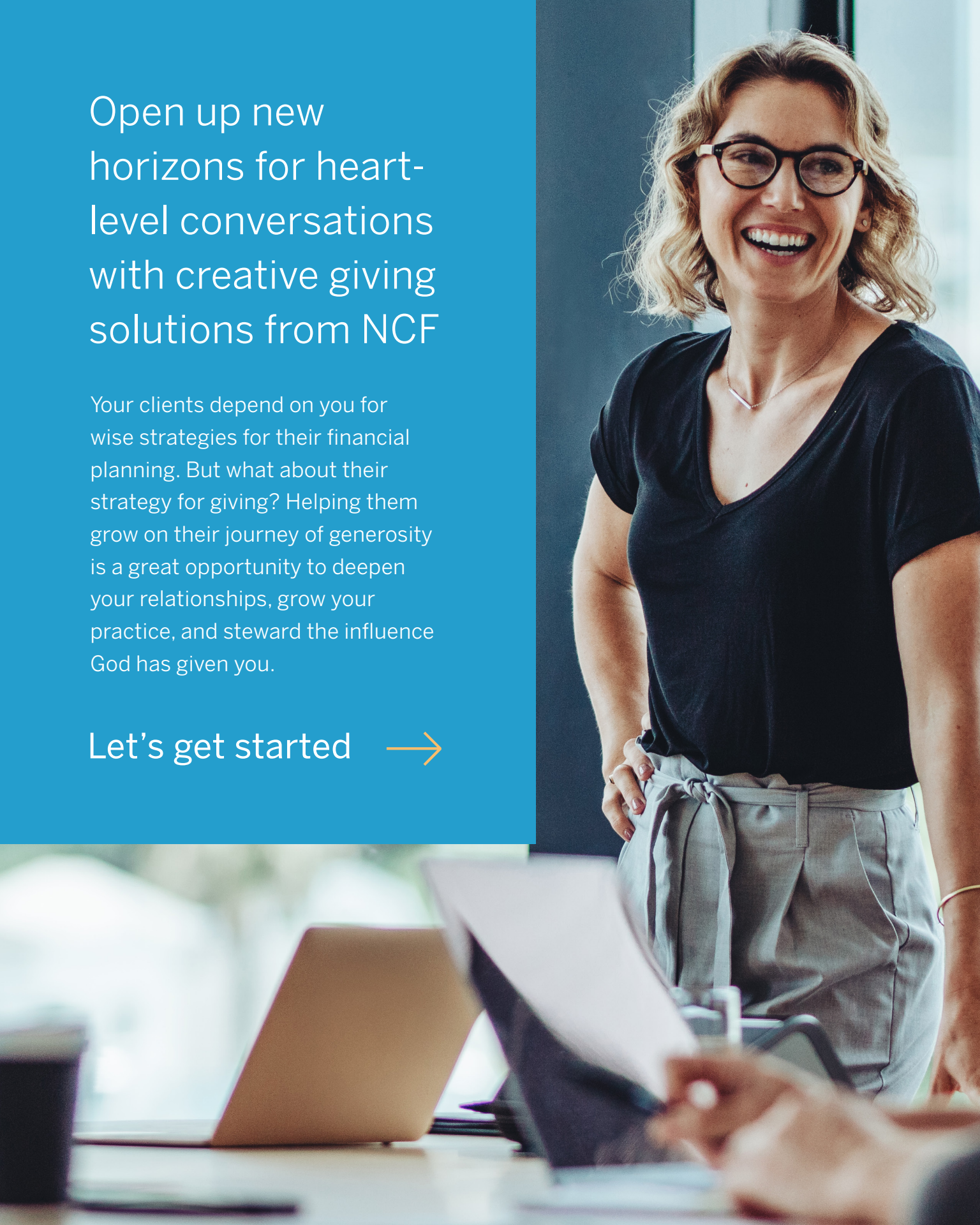


National Christian FOUNDATION®

Open up new horizons for heart-level conversations with creative giving solutions from NCF

Your clients depend on you for wise strategies for their financial planning. But what about their strategy for giving? Helping them grow on their journey of generosity is a great opportunity to deepen your relationships, grow your practice, and steward the influence God has given you.

Let's get started →





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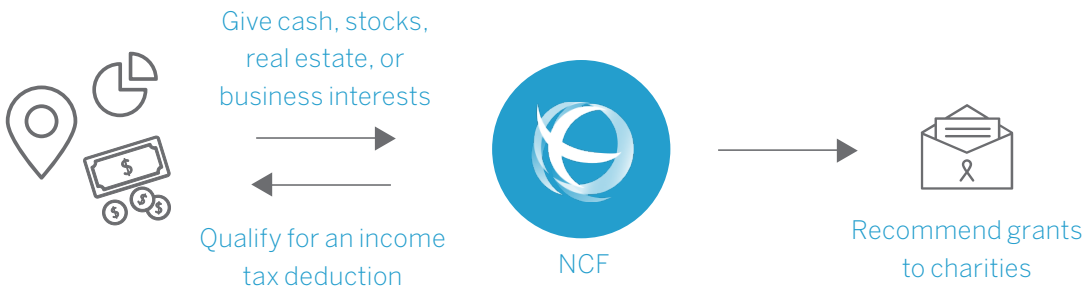
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** Non-cash gifts may be made to one or more of NCF's related entities.*

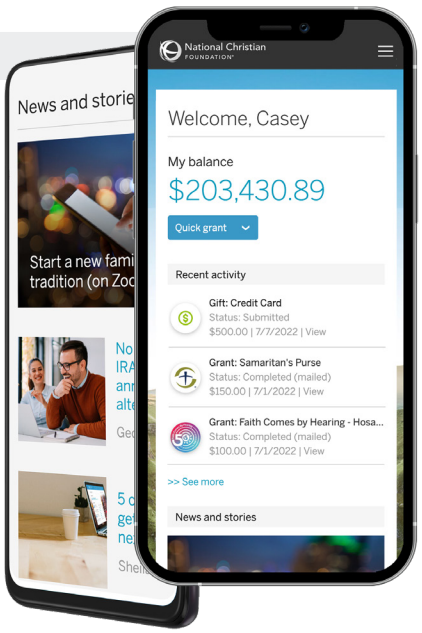
Help your clients open a donor-advised fund

If your clients are tired of the paperwork, receipts, and administration that often surround their generosity, a Giving Fund (donor-advised fund) at NCF can help. They can open a fund in minutes, make tax-deductible donations, and then go online from any device to browse charities and make an impact for their favorite causes. It's a simple, flexible, fun solution and great for personal, family, or business use.



POWERFUL BENEFITS, SHARED VALUES

- Simple – Reduce paperwork, receipts, and administration
- Convenient – Manage all giving online from any device
- Christian – Enjoy service from a team with shared values
- Automated – Set up recurring gift and grant schedules
- Fun – Enjoy giving with family and friends

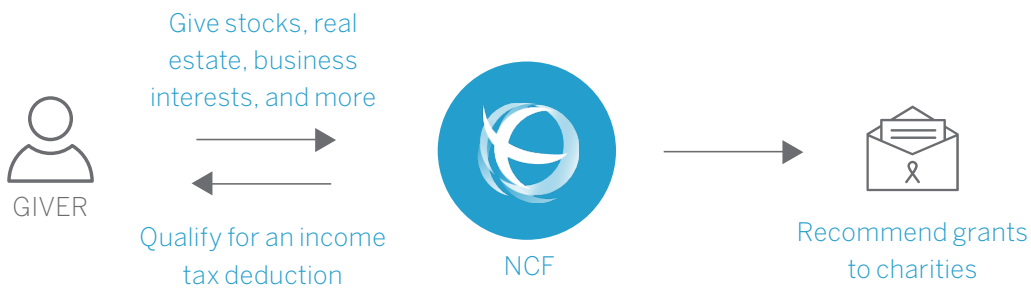


Open a Giving Fund today

Learn more or get started at ncfgiving.com/givingfund

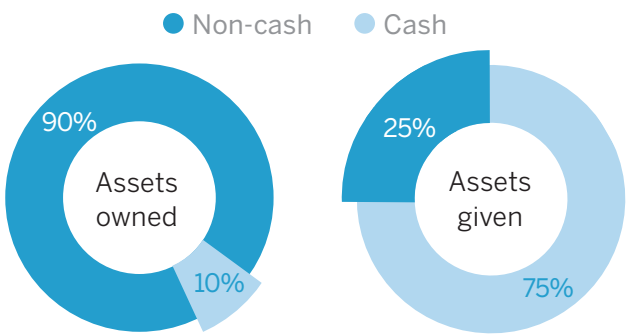
The power of non-cash giving

Your clients probably dream of giving significantly more to the charities they love, but if they're like most people, that often seems out of reach. The majority of their giving is likely done with cash, while most of their wealth is tied up in other assets, like business interests, real estate, and securities. But instead of writing checks to charity from post-tax dollars, they can multiply their impact by giving appreciated non-cash assets.



A NEW PERSPECTIVE

The first chart shows how most people's wealth is in non-cash assets, while only a fraction is in cash. But the second chart shows how most gifts are from cash, with only 25% from non-cash. What type of impact could your clients have if they gave more from non-cash assets?



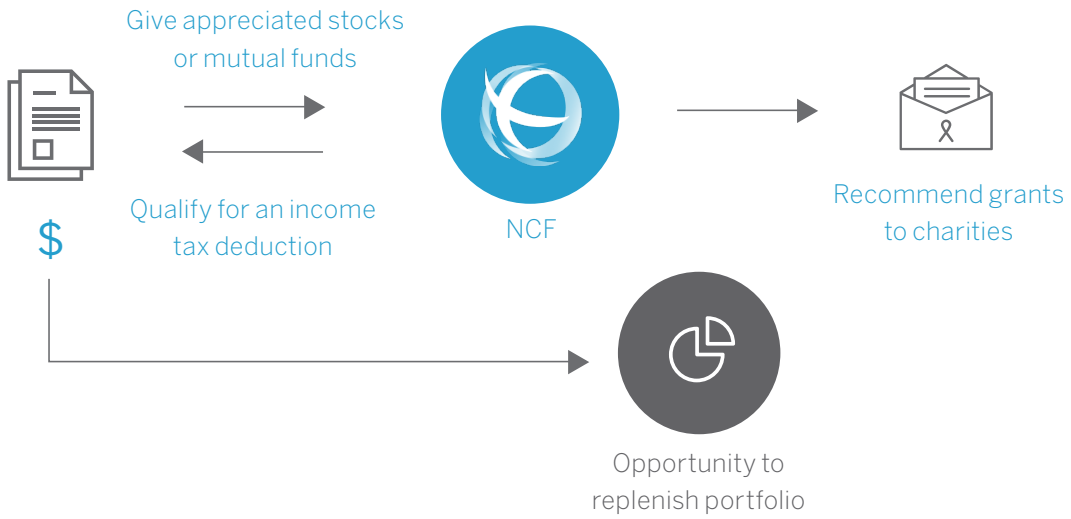
Based on 2022 IRS averages

BENEFITS

- Expanded giving capacity – Accelerate your clients' generosity by giving from wealth tied up in their business or other non-cash assets, rather than cash flow.
- Tax savings – Enjoy a potentially significant reduction in capital gains taxes, and receive a greater potential income tax deduction.
- More to charity – Experience the joy of increased charitable giving and more impact for the causes they love most.
- Trusted experience – Work with NCF's in-house team of charitable professionals who can work with you and them before they decide to sell appreciated assets.

Giving publicly traded stocks

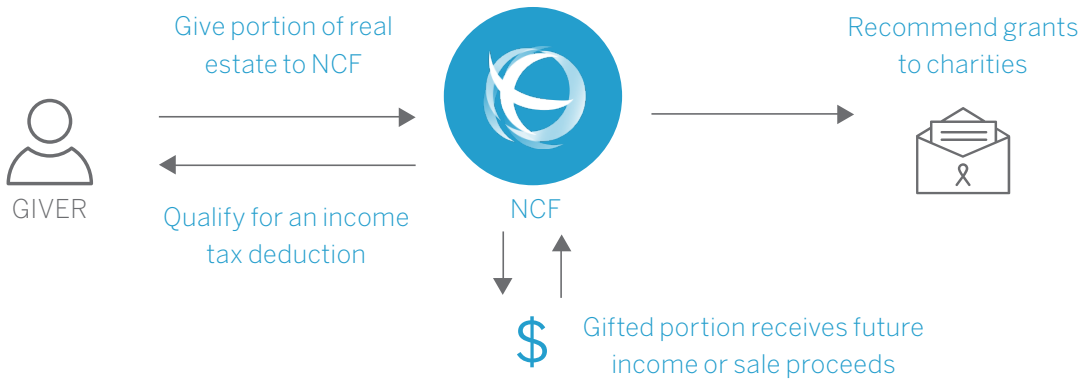
In most cases, if your clients have appreciated stocks or mutual funds in a taxable investment portfolio, they have a significant opportunity to give more, simplify the process, potentially pay less tax, and improve their personal cash flow. The key is to help them donate these appreciated securities *before* they sell them.



TRADITIONAL GIVING USING CHECKS	MORE GIVING USING STOCKS
1. Start with $10,000 in cash	1. Donate $10,000 of stock to NCF
2. Write checks to charities for $10,000	2. Qualify for a fair market value charitable deduction of $10,000
3. Qualify for a $10,000 charitable deduction	3. Shares are sold by NCF with no capital gains tax implications, with proceeds placed into a Giving Fund
4. Continue to pay capital gains tax in their portfolio (now or later)	4. Opportunity to replenish portfolio with retained cash
	5. Use potential tax savings to give more

Using real estate to fund charity

Your clients can donate interests in appreciated real estate and residential and/or commercial property to NCF. Then, while NCF holds the property and upon liquidation, the proceeds go to their Giving Funds. This may reduce or eliminate taxes on the gifted portion's future income and future sales, resulting in more money for charity. In most cases, your clients receive an income tax deduction for the appraised fair market value of the gift, freeing up additional cash flow for more giving.



BENEFITS

- Maximize giving by preserving the value of the gifted asset for charitable impact
- Utilize annual charitable deductions for non-cash asset gifts (up to 30% of AGI), increasing cash flow
- Mobilize NCF's portion of future income for granting to charities (NCF may have 60% tax savings on pass-through, taxable net income during ownership)
- Potentially avoid or reduce capital gains taxes on NCF's portion of future sale proceeds

RESULTS

This table shows the impact of giving a $1,000,000 piece of land with a $100,000 cost basis and no debt.

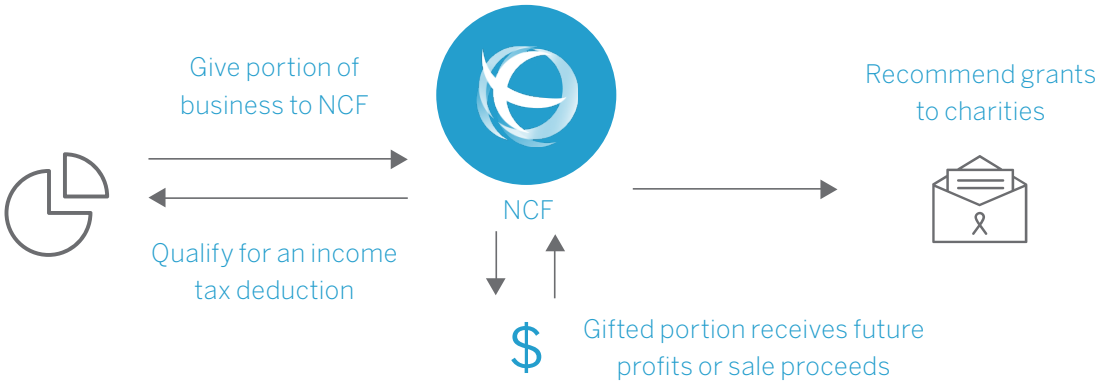
	Family	Taxes	Charity
Sell then give cash	$311,000	($52,000)	$741,000
Give property before a sale	$420,000	($420,000)	$1,000,000
Difference	$109,000	$368,000	$259,000

As a result of giving assets vs. giving cash, $259,000 more would go to charity and $368,000 less would be payable in taxes.

Assumed tax rates:
Capital gain – 20% federal, 5% state, 3.8% NIIT
Ordinary income – 37% federal, 5% state

Using business to fund charity

There are significant benefits when your clients donate a portion of their business or business interests to charity. They typically receive a substantial tax deduction, and potential taxes on NCF's portion of the company's future income may be reduced, resulting in more money for charity. When the business is subsequently sold, NCF will likely pay less in potential taxes, putting more in your clients' Giving Funds for granting.



BENEFITS

- Maximize any potential liquidity event by preserving the value of the gifted asset for charitable impact
- Utilize the annual charitable deduction for non-cash asset gifts (up to 30% of AGI), thereby increasing cash flow
- Mobilize NCF's portion of future income for granting to charities (NCF may have up to 60% tax savings on pass-through, taxable net income during ownership)
- Avoid or reduce potential capital gains taxes on the gifted portion, moving more dollars to charity

RESULTS

This table shows the impact of giving a 20% interest in a $5M C-corp (with a $100,000 basis) prior to a potential sale.

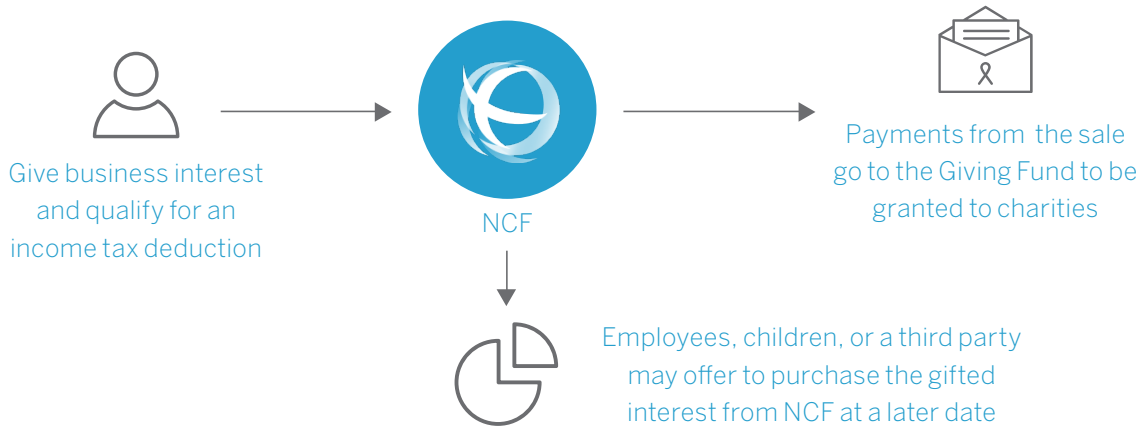
	Family	Taxes	Charity
Sell then give cash	$3,172,000	$1,110,000	$718,000
Give stock then sell	$3,291,000	$709,000	$1,000,000
Difference	$119,000	($401,000)	$282,000

As a result of giving assets vs. cash, $282,000 more would potentially go to charity while increasing net cash flow by $119,000 for more giving.

Assumed tax rates:
Capital gain – 20% federal, 5% state, 3.8% NIIT
Ordinary income – 37% federal, 5% state

Including charitable giving in a business-exit strategy

As part of your clients' long-term business planning, consider helping them gift business interests to NCF within the context of their giving strategy. Then, at a later date, employees, children, or a third party may offer to purchase the gifted interest for fair market value. The proceeds are then available in your clients' Giving Funds for them to recommend grants to their favorite charities and causes.

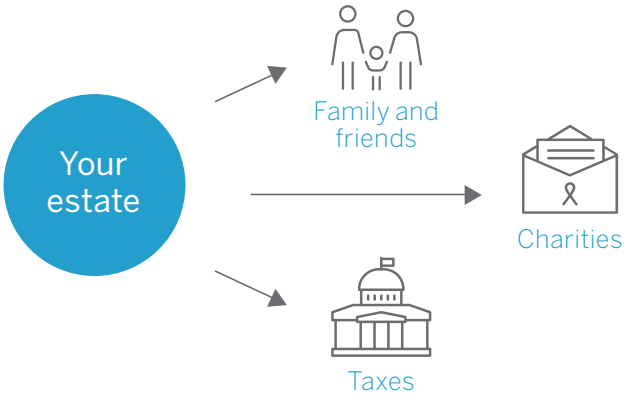


BENEFITS OF GIVING BUSINESS INTERESTS

- Qualify for a charitable deduction with the gifted business interest
- Maximize any potential liquidity event by preserving the value of the gifted asset for charitable impact
- At a later date, employees, children, or a third party may offer to purchase the gifted interest for fair market value, and the proceeds would then be available in a Giving Fund at NCF to send to charities
- Potentially eliminate or reduce capital gains taxes on the gifted portion, moving more dollars to charity
- Use charitable deductions reserved for non-cash assets (up to 30% of AGI usable against income for six years total, including the year of the gift)
- Potentially reduce current-year income taxes through a larger charitable deduction, increasing personal cash flow

Charitable estate planning

Upon death, there are typically three places assets can pass: family/friends, charity, or the government. For families with exposure to the federal estate tax, thoughtful planning may significantly reduce or potentially eliminate the estate tax liability and enable them to expand their charitable impact.

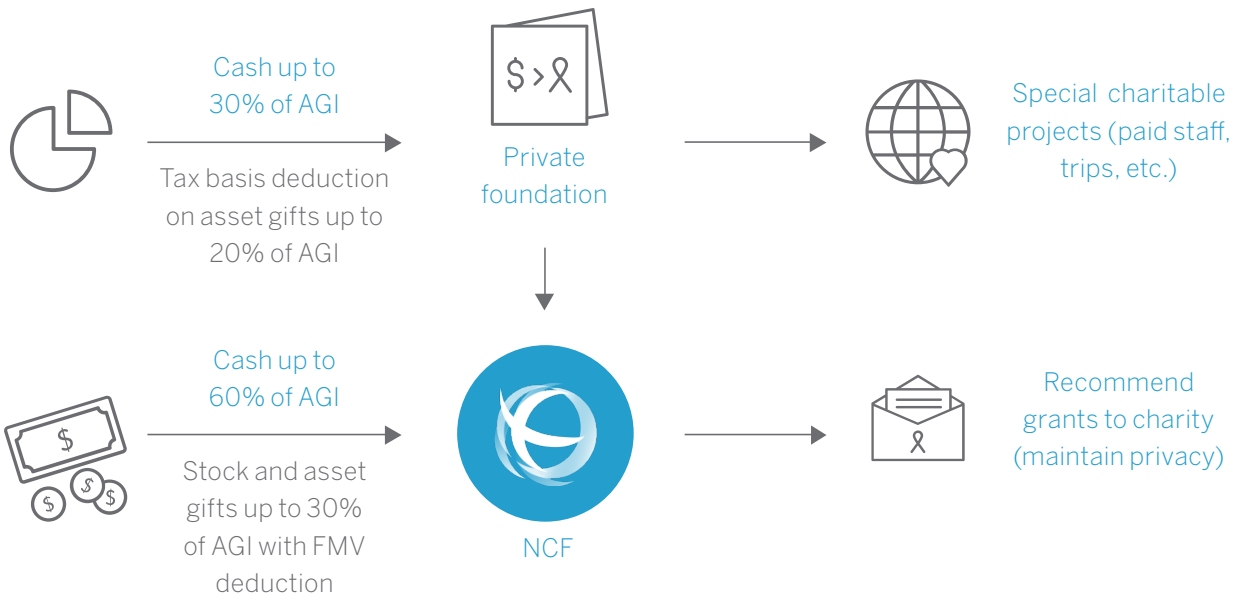


CONSIDERATIONS FOR MAXIMIZING GIVING AND REDUCING ESTATE TAXES

1. Quantify the desired lifestyle for your client and their spouse: How much do they need to support their lifestyle for the remainder of their lifetime? What is their financial finish line?
2. Determine and quantify an appropriate inheritance for children and grandchildren: What amount of inheritance is more likely to be a blessing than a burden?
3. Secure the target inheritance with appropriate gift and estate planning strategies and techniques. Often, basic estate planning strategies are sufficient to secure an appropriate inheritance and reduce estate tax.
4. Gift or bequest "excess wealth" to charity and eliminate or reduce estate taxes.
5. Why wait? Help your clients begin to shape their charitable legacy now and potentially minimize annual income taxes by making lifetime charitable gifts.

Complementing a private foundation with a donor-advised fund

As a complement to a private foundation, a Giving Fund (donor-advised fund) at NCF provides a variety of ways to enhance giving and granting opportunities.



BENEFITS

Giving opportunities:

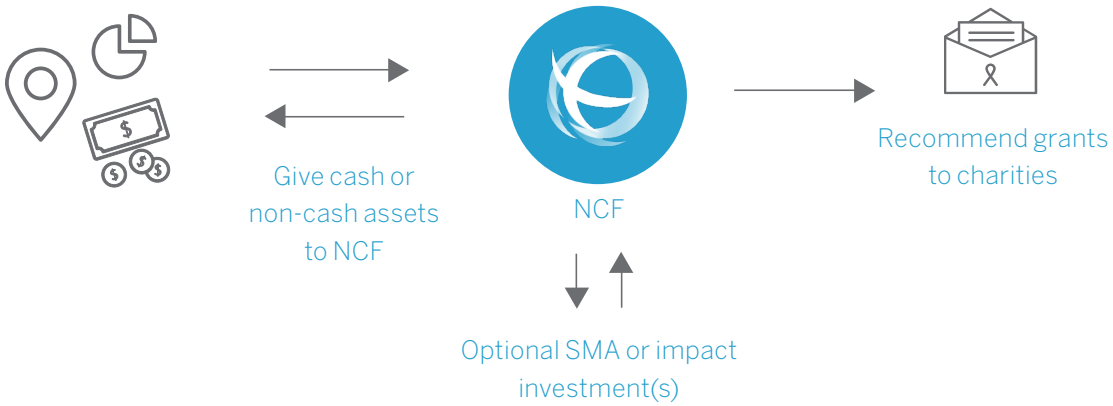
- FMV deduction for asset gifts
- Higher AGI deduction limits

Granting opportunities:

- Make anonymous grants to retain privacy
- Manage all of your giving online, anytime from your computer or mobile device
- Reduce paperwork and complexity

Investment options at NCF

With a Giving Fund at NCF, your clients have the opportunity to select from a variety of options to invest their charitable dollars for growth – including NCF's Faith-Driven Pools, Traditional Pools, and separately managed accounts (SMAs).

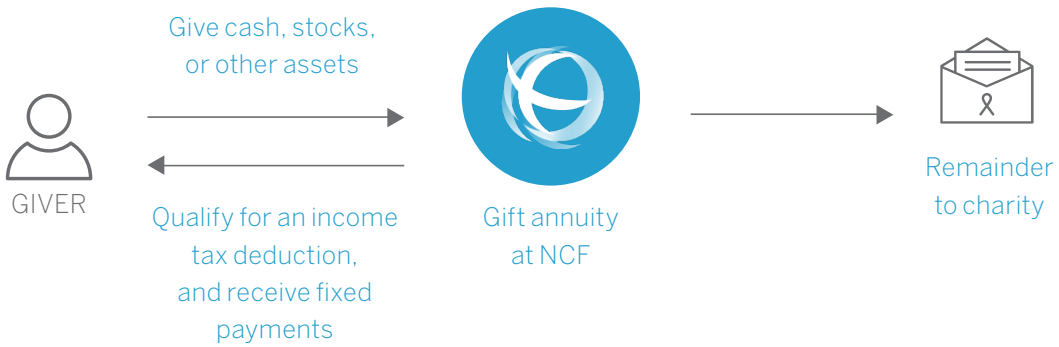


THREE INVESTMENT OPTIONS

- **NCF's investment pools** – Your clients can choose from NCF's Faith-Driven or Traditional Pools that range from stable value with no risk of fluctuation in principal value to higher risk with substantial exposure to market fluctuations. Each pool is managed by an SEC-registered investment advisor vetted and approved by our team.
- **Impact investing** – With impact investing at NCF, your clients can grow charitable dollars while making a spiritual impact, even before they recommend grants to charities.
- **SMAs** – If your clients prefer a more customized approach to the management of the charitable dollars in their fund, they might consider an SMA, which is best suited for givers with long-term charitable giving horizons and a desire for you to manage their fund's investments.

Charitable gift annuities (CGAs)

A charitable gift annuity (CGA) is ideal for those who have a heart to give but desire a source of ongoing income. CGAs provide fixed payments for life at rates generally higher than CDs, and a portion of your clients' payments are often tax-free. They make the gift (part of which is tax-deductible), and then receive fixed annuity payments each year for the remainder of their life.



BENEFITS

- Tax savings – Your clients may qualify for an immediate income tax deduction
- Multiple funding options – Your clients make a gift(s) to NCF to fund their CGA. They can give cash (checks), publicly traded securities, other assets, or, if they're 70½ or older, they can make a qualified charitable distribution (QCD) from an IRA
- Support for charities – Charities may receive grants immediately
- Regular payments – A CGA provides fixed payments for life with rates generally higher than CDs
- Christian values – Enjoy service from a like-minded NCF team
- Flexibility – Use a single CGA to benefit multiple charities

FREQUENTLY ASKED QUESTIONS

How much money is required to set up a CGA with NCF?
NCF offers CGAs beginning as low as $10,000.

At what age can a CGA be established?
Immediate payment CGAs are offered to those at least 50 years of age. Deferred payment CGAs may be established under age 50, with payments beginning at age 50. A CGA may be funded with a QCD once the giver is 70½.

How much will your clients receive?
NCF uses the payout rates recommended by the American Council on Gift Annuities. The greater the age(s) when the CGA is established and the longer payments are deferred, the higher your clients' payout rate.

Comparison of giving vehicles

	DONOR-ADVISED FUND	SUPPORTING ORGANIZATION	PRIVATE FOUNDATION
TAX DEDUCTIONS	**MOST**	**MOST**	**LEAST**
What's the deduction for cash gifts?	Up to 60% adjusted gross income	Up to 60% adjusted gross income	Up to 30% adjusted gross income
For publicly traded securities (held long-term)?	Up to 30% adjusted gross income	Up to 30% adjusted gross income	Up to 20% adjusted gross income
For other non-cash appreciated assets (held long-term)?	Fair market value up to 30% adjusted gross income	Fair market value up to 30% adjusted gross income	Adjusted cost basis up to 20% adjusted gross income
CONTROL & ADMINISTRATION	**LEAST**	**MORE**	**MOST**
What is my client's role?	Advisory privileges; ultimate control by the sponsoring organization	Neither giver nor family can appoint/control more than 49% of the board; participation in board selection is allowed	Giver can control/appoint 100% of the board
What control does my client have over grants and assets?	Giver recommend grants and investment options but NCF has overall control	Giver recommends grants and investment options but the board has ultimate control	The board has complete control of all grants and investments (subject to self-dealing rules)
Can they employ and pay staff?	No	Yes, subject to reasonable compensation limits but not to substantial contributors[1]	Yes, subject to reasonable compensation limits
Can they reimburse expenses?	No	Yes, can pay expenses but cannot reimburse substantial contributors[1]	Yes
Can they grant to individuals?	No	Yes, subject to IRS regulations	Yes, subject to IRS regulations
PRIVACY	**MOST**	**LEAST**	**LEAST**
Can they grant anonymously?	Yes	No[2]	No[2]

	DONOR-ADVISED FUND	SUPPORTING ORGANIZATION	PRIVATE FOUNDATION
TAX REQUIREMENTS	**LEAST**	**LESS**	**MOST**
Do they have to pay investment excise taxes?	No	No	Yes, up to 2% of net investments income
What annual tax forms do they need to file?	None	Form 990 and state filings	Form 990-PF and state filings
INVESTMENT OPTIONS	**MORE**	**MOST**	**LEAST**
Can they invest in NCF's pools?	Yes	No	No
Can they invest through brokerage accounts?	Yes, through our SMAs (separately managed accounts)	Yes	Yes
Can they invest in impact investments?	Yes, with additional screening and approval	Yes	Yes
COST	**LEAST**	**MORE**	**MORE**
Are there start-up costs?	No	Yes, legal and state fees for incorporation (no IRS filing under NCF's group exemption)	Yes, legal and state fees for incorporation, IRS Form 1023
What are the ongoing administration and management costs?	**Giving Fund**: Starts at 100 bps, minimum of $30 per month **Cornerstone Fund**: Starts at 44 bps and scales down, minimum of $950 per month	Starts at 100 bps and scales down, additional costs for board service ($10,000 annually) and other administrative functions	Costs for accounting, legal, investment, and general administration

1. Substantial contributors are defined in IRC §507(d)(2)(A) and IRC §4946.
2. Combining with a donor-advised fund can achieve partial privacy and anonymity.

* Information in the chart is based on federal laws as of the date of this printing. These laws are subject to change and can affect the accuracy of this information.

Notes

Notes



Do your clients need a **Giving Strategy**™?

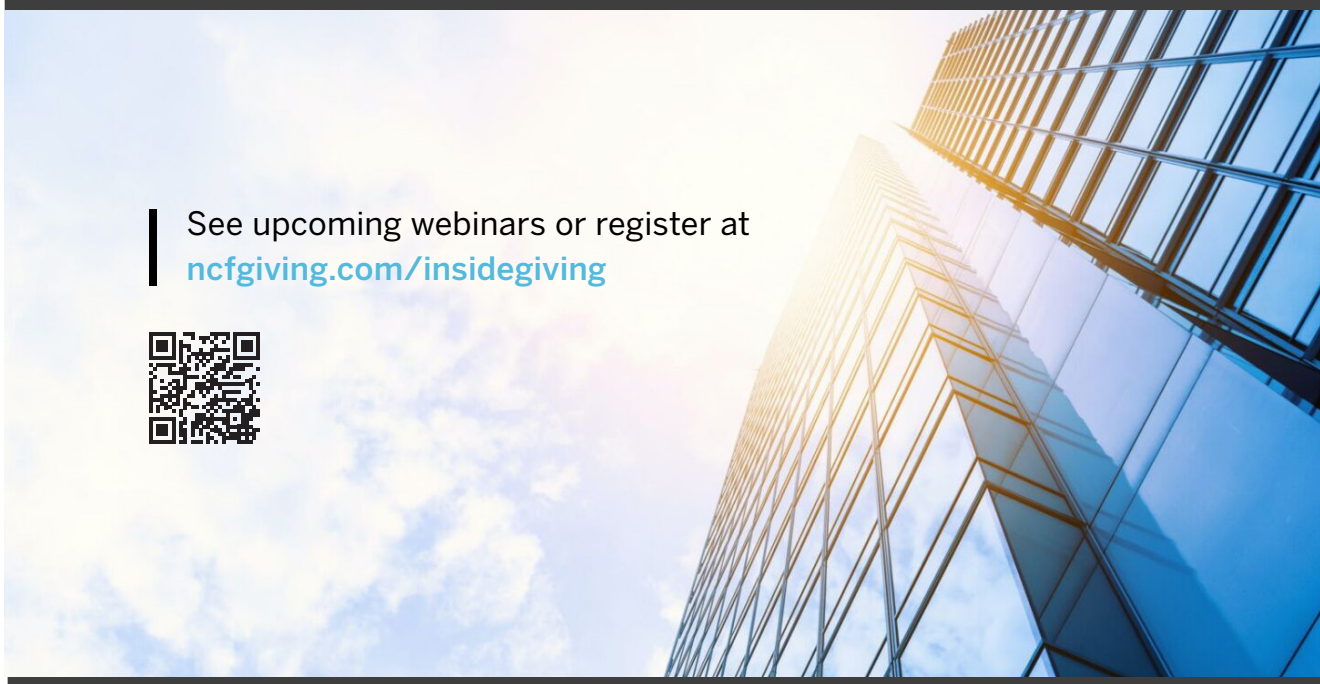
At NCF, we believe giving is much more powerful with an intentional strategy. A Giving Strategy based on biblical principles can help your clients give with kingdom impact, leave a meaningful legacy, cultivate unity in their family, and maximize what they have to give.

> Explore how a Giving Strategy can help your clients in exciting new ways at **ncfgiving.com/givingstrategy**

Join our **Inside Giving** webinar series for advisors

Each quarter, NCF's charitable giving team hosts a special webinar for professional advisors called Inside Giving.

In each one-hour webinar, you will have the opportunity to grow in your knowledge of non-cash giving, strengthen client relationships, and earn one hour of CFP® and CKA® credit. Certificates of completion are available upon request.



See upcoming webinars or register at
ncfgiving.com/insidegiving

Growing generosity nationwide

Every day, from coast to coast, NCF local teams serve givers, advisors, charities, and churches with innovative giving solutions from an experienced team of charitable giving professionals.



Connect with your NCF team today at ncfgiving.com or 800.681.6223

$17 billion

in grants to charities since 1982

With hearts set on getting money to charities fast, the NCF community of givers has one of the highest grantmaking rates of all donor-advised fund providers.

$5 billion

in complex gifts received

With an in-house team of experienced professionals, we've received more than 2,900 complex gifts such as business interests and real estate.

350+

team members ready to serve

Every day, our local NCF teams serve givers, advisors, charities, and churches with innovative giving solutions from an experienced team of charitable giving professionals.

90,000+

charities and churches supported

From youth ministry to homelessness, evangelism to adoption, human trafficking to disaster relief ... the causes NCF givers support are as endless as the imagination.



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