

Much to our surprise, God's standard of recognition and rewards did not focus on the things we might esteem as worthy of His attention. No mention is given to such things as:

- Evangelizing the world with gospel outreach programs.
- Planting new churches and seeing rapid church growth.
- Pleasing oratory with professional and polished preaching.
- Raising funds for monumental works for God.
- Achieving academic excellence in theology.
- Publishing articles, books, and journals.
- Organizing camps, conferences, and seminars.

All of these activities have their places and are beneficial to the Lord's work. God chooses to examine, however, and reward the attitude and spirit of the heart rather than the outward appearance of activity. Some key characteristics of God's eternal rewards program can be gleaned from this passage; namely that:

- God's ways are not as man's ways (Isa. 55:8-9).
- Man looks on the outward activity of the work; God looks on the inner heart attitude seen in the "simplicity" of the spirit in the work (1 Sam. 16:7).
- God does not desire "thousands of rams, with ten thousand rivers of oil." BIG is not the criterion for BEST in God's eyes. His desire is for believers to walk humbly, in simplicity, serving God (Mic. 6:7-8).

The Christian life is a life blessed by God "exceedingly abundant, above all that we ask or think" (Eph. 3:20). With the same generosity God has blessed us, He expects to see liberality in our giving for the blessings of others. The exercise of giving is to be guided by a spirit of simplicity. It involves giving of our time, talents, resources, counsel, compassion, and comfort. Singleness and purpose of heart, a cup of cold water, a meal, an article of clothing, or a visit to the hospital or prison catch the eye of the Lord. These will warrant His praise in a coming day. 📖

Giving Stock Makes Sense



If you are considering donating to the Lord's work before the year end, consider giving stock or some other capital asset that has appreciated in value (i.e., an asset that has a long term capital gain). The advantage in most circumstances is that you avoid capital gains tax and you receive a charitable deduction for the full fair market value of the stock. To simplify the process, you may make the gift through the Believers Fund (i.e., our donor advised fund), from which you can suggest the charities you

wish to support, and you may even choose to do so over a period of time.

A simple illustration shows how this method of giving makes more sense from a tax perspective than does giving just cash. Assume you intend to make a charitable gift (or a series of gifts) in the amount of \$10,000. Assume further that you have cash of \$10,000 and stock with a fair market value of \$10,000 for which your basis is \$6,000, either of which may be used to make the gift. Should you make your gift with the cash or with the appreciated stock?

Most of our readers would pay a federal capital gain tax of \$600 on the sale of that stock, plus any applicable state or local taxes. By using the appreciated stock to make the gift (and eliminating the trapped capital gain tax), the after tax cost of

making the same planned gift is \$9,400 rather than the full \$10,000 out-of-pocket cost for using cash. In this example, it is not necessarily giving more, but giving smarter, that results in wise stewardship. Which method do you think would be used by the “good and faithful” servants in Matthew chapter 25?

We can help facilitate gifts of stock and other appreciated assets. Our experienced team can take title to and dispose of assets and invest the proceeds

appropriately pending recommendations from you for distribution. If you plan on giving the asset to more than one charity, using the Believers Fund is an efficient way for you to make only one transfer of the underlying asset (i.e., to Believers Stewardship Services), and then have the proceeds distributed among the organizations you wish to support. If we can be of any assistance in facilitating your year-end giving, please contact us. 

One Window Closes, a New Era Begins

Previous issues of *Stewardship Matters* reported on some provisions contained in the Pension Protection Act of 2001 (the “Act”), which was signed into law by President Bush and became effective on August 17, 2001. Although not suggested by the name of the legislation, the Act contained some of the most significant changes to nonprofit and charitable giving law in decades. The end of 2007 marks important deadlines for two of those provisions—the “Charitable IRA Rollover” and new filing requirements for small nonprofit organizations. The former marks the end of a tax-saving opportunity for individual donors, and the latter the beginning of a new reporting era for previously exempt small charities.

IRA Charitable Rollover Expires

First, the Act contained a Charitable IRA Rollover provision that created an opportunity during years 2006 and 2007 for a direct transfer from an IRA to charity. IRA owners age 70½ and older may transfer up to \$100,000 from an IRA directly to a qualified public charity in 2007. The transfer will not be included in taxable income, yet it will qualify for the IRA owner’s required minimum distribution! The Act created a window for taxpayers in various circumstances to save additional taxes while benefiting the Lord’s work. At least four categories of donors can benefit from using the Charitable IRA Rollover:

The Nonitemizing Donor. Old rules (and the

rules that will be effective again in 2008 without additional legislation) required recognition of an IRA distribution as income, even though a nonitemizing taxpayer received no benefit of an offsetting charitable deduction. Since a Charitable IRA Rollover will not count as income, the nonitemizing donor saves taxes by making gifts from an IRA instead of other resources.

The Generous Donor. A donor who gives 50% or more of Adjusted Gross Income or who has unused charitable carryovers will be able to use the Charitable IRA Rollover to obtain greater tax savings overall while following his or her usual giving patterns.

The Phased-Out Donor. The itemized deductions of some donors “phase out” due to high income levels or imposition of the alternative minimum tax. The Charitable IRA Rollover allows this donor to obtain the full tax benefit of making the deduction by excluding the distribution from income in the first place.

Donors in States that Tax Gross Income. Some states tax on gross income, effectively denying charitable deductions for state tax purposes. The Charitable IRA Rollover helps this donor save state income taxes he or she normally pays.

The National Committee on Planned Giving (“NCPG”) has been tracking the effectiveness of the Charitable IRA Rollover provision through an informal survey of its members. The latest results collected from the NCPG IRA Gifts Survey show 5,814 individual distributions with a total value of

more than \$102 million, which we believe to be only a fraction of the IRA gifts that have been fulfilled since the passage of the Act. The NCPG and other philanthropic individuals and organizations are now lobbying for passage of the Public Good IRA Rollover Act, which would make permanent (and perhaps even expand) the Charitable IRA Rollover provision. Prospects for passage are uncertain at this point.

Making a gift with a Charitable IRA Rollover is fairly simple. IRA custodians generally have IRA distribution forms that may be obtained by mail or downloaded from their web sites. There are several distribution options, and the forms will typically already have three to six options that may be selected. Qualified IRA owners typically contact their IRA custodian during the 4th quarter of the year and specify the amount of their IRA distribution. Most IRA owners with larger IRAs specify an amount equal to the required minimum distribution based on their ages.

The Charitable IRA Rollover presents believers in the above categories with a limited opportunity to exercise good stewardship by giving smarter. If your IRA custodian does not have a form available to designate a Charitable IRA Rollover, we can help by providing you with a letter that should suffice. We would be happy to help you determine if a Charitable IRA Rollover is appropriate for you or to assist you with any of your other planned giving needs.

New Charity Reporting Begins

In the past, small charities have been able to operate “under the radar” without reporting to any federal government agencies, although most have some kind of reporting to the Secretary of State or other state agencies. For federal income tax purposes, however, nonprofit organizations with gross receipts less than \$25,000 per year were not required to file an annual Form 990 return with the IRS.

Effective for tax years beginning on or after January 1, 2007, those small charities will be required to file new IRS Form 990-N (a form the IRS is calling an “e-Postcard”). That means the

first round of filings will begin in 2008. The IRS requires that the e-Postcard be filed electronically. You must be able to access the internet, but no software or download is required. If your nonprofit does not have a computer, you will be able to fill out Form 990-N using a computer at a public library.

The law exempts from the filing requirement churches, related religious organizations, and certain government-affiliated organizations. Otherwise, any nonprofit organization that (i) is tax-exempt, (ii) has gross receipts of \$25,000 or less, (iii) is not required to file another IRS form (such as Form 990, Form 990-EZ, or Form 990-PF), and (iv) is not part of a group return, will be required to file Form 990-N. This e-Postcard requires the organization to provide:

- The organization’s name.
- Any other names the organization uses.
- The organization’s mailing address.
- The organization’s website address (if applicable).
- The organization’s employer identification number (EIN).
- The name and address of a principal officer of the organization.
- The organization’s annual tax period.
- A statement that the organization’s annual gross receipts are normally \$25,000 or less.
- If applicable, an indication that the organization is going out of business.

The organization’s Form 990-N will be due by the 15th day of the fifth month after the close of the organization’s tax year. For most nonprofits, that means the first filing deadline will be May 15, 2008. Failure to file the annual notice for three consecutive years will result in termination of the organization’s tax-exempt status! The IRS plans to notify charities of the new requirement by mail, internet, or other means. If you think this new filing requirement may apply to your organization, you may go to www.irs.gov/efile or contact us for

Year-End Tax Planning Tips

As fall arrives and winter approaches, some of us start thinking about end-of-year tax planning. This often covers business taxes, individual income taxes, estate taxes, and others. Here are a few estate and income tax tips:

Make Annual Exclusion Gifts. If you have a taxable estate for state or federal estate tax purposes, you should consider making annual gifts to children and other loved ones to reduce the size of your estate and reduce your potential tax liability. Current law allows each donor to give each donee up to \$12,000 per year without gift or estate tax consequences. Gifts made for health and educational needs may even exceed that amount, if properly structured.

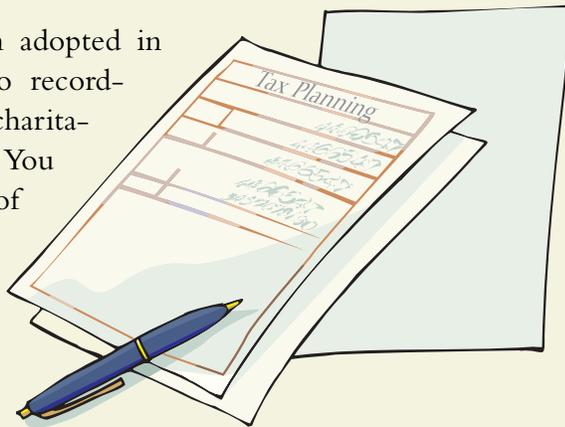
Make Charitable Gifts with Appreciated Assets. This topic is already covered in this issue (see “Giving Stock Makes Sense”). Selling stock and paying a tax on the gain while making charitable gifts from other assets is usually a poor decision.

Get Proper Receipts. Legislation adopted in 2006 made some major changes to record-keeping and other requirements for charitable deductions (see “Charitable News You Can Use” in the Autumn 2006 issue of *Stewardship Matters*). Taxpayers may no longer deduct charitable donations of cash unless they maintain a bank record (e.g., a cancelled check) or a written communication from

the charity showing the organization name, the contribution date, and the contribution amount. Bear in mind that if the donation is greater than \$250 (cash or otherwise), no deduction will be allowed without a contemporaneous receipt from the charity. A cancelled check or personal log *will not* suffice.

“Dematerialize” Your Life. In the United States, we use our closets, storerooms, garages, and even rented facilities to store material possessions that we never use. Fight against the natural tendency toward such materialism and donate those items to an organization that can put them to good use. You will receive a charitable deduction for any items that are in “good used condition or better,” and you will probably feel more organized by getting rid of unneeded possessions. If the value of an item is greater than \$500, a description of it must be provided on your return. If the value exceeds \$5,000, you will need a qualified appraisal to take the deduction.

These are just a few ideas to help save estate or income taxes. If you have any questions about these tips or anything else pertaining to your estate or income tax planning, we are here to help without cost or obligation. Please let us know how we can be of assistance in your walk of stewardship.



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NOTICE: The estate planning, financial counseling, and tax services of Believers Stewardship Services, Inc. are provided without charge or obligation. Nothing in this publication should be taken or relied upon as legal or investment advice. Such advice should be provided only by competent professionals based upon the specific facts and information involved in each case. For additional information, please contact our office.

OUR MISSION

Believers Stewardship Services is a ministry designed to glorify God by helping Christians accomplish their financial and estate planning goals in fulfilling biblical stewardship.

“Honour the Lord with thy substance, and with the firstfruits of thine increase...”

PROVERBS 3:9 (KJV)



Bulletin Board



Leroy Berkheiser writes:

“When I retired to Florida, I decided to give my house in exchange for a Charitable Gift Annuity. Believers Stewardship Services was able to sell my house and give me a steady tax advan-

taged income for the rest of my life. All the work BSS did was without cost to me and I greatly value their continuing services, which keep me up to date with my estate planning.”

BSS presented a stewardship seminar at Valley Bible Chapel (Washington Township, NJ) on September 10, 2006. Bob Carpenter (who serves

as treasurer for Pine Bush Bible Camp and Christian Missions in Many Lands, Inc., and fellowships at Valley Bible Chapel) writes:



“I found the Believers Stewardship Services seminar at our assembly to be very valuable for myself and the others in attendance. The seminar was structured such that it effectively presented both the basic biblical principles of faithful stewardship

and the complex legal and tax issues with which we must contend. The BSS representative did a fine job of addressing difficult and complex concepts. I recommend this seminar to other assemblies that desire God-honoring management of finances for their believers.”



STEWARDSHIP Matters...

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Giving with Simplicity

BY SAM THORPE

“Having then gifts differing according to the grace that is given to us . . . let us prophesy according to the proportion of faith; . . . he that giveth, let him do it with simplicity. . . .” Romans 12:6, 8 (KJV)

Sam Thorpe

In Romans 12:8 we find a phrase that further qualifies our giving to the Lord’s work. Paul reminds the saints at Rome that giving to the Lord should be done “with simplicity.” This term appears two other places in the New Testament. In 2 Corinthians 1:12 Paul describes his conduct with this word “simplicity.” Later in this same epistle, Paul expresses concern that the minds of the saints would not be corrupted, and that they would not stray from “the simplicity that is in Christ” (2 Cor. 11:3).

Therefore we can identify at least three areas of Christian life that should be characterized by “simplicity”: (i) The exercise of our spiritual gift in giving (Rom. 12:8); (ii) the manner of our life lived on earth (2 Cor. 1:12); and (iii) the relationship of our walk with Christ (2 Cor. 11:3). The Greek word used here for “simplicity” is *haplotees*, which denotes a threefold attitude:

- A singleness of mind or purpose;
- A sincerity of the heart in the act of giving; and
- A generous liberality in giving, or giving with bountifulness.

This sheds a fresh outlook on the life and walk of the believer. Just as Christ, through the redemptive work of the cross, showers us with His grace, mercy, and abundant blessings, we are to follow His steps. This pathway is a life of sharing our blessings, both spiritually and materially, with a generous spirit, focused on God’s work, yet performed with a humble heart.

Giving “with simplicity” also carries with it an understanding that the attitude of the giver is far more important to God than the actual size, value, or frequency of the gift. The Lord establishes this truth in Matthew 25:31-40, where the Son of Man, returning in His glory, divides the sheep (believers) from the goats (unbelievers). The believers will be marked out and rewarded on the basis of their “simplicity in giving.” Note specifically the elements rewarded by the Lord are the provision of:

- Food to the hungry saints;
- Water to the thirsty saints;
- Lodging to the traveling saints;
- Clothing to the needy saints;
- Comfort to the ailing saints; and
- Care for the imprisoned saints.

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