



# WELS Foundation

Wisconsin Evangelical Lutheran Synod

*Helping people  
support ministry*

wels.net/foundation

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# WELS Foundation

- WELS Foundation supports
  - WELS Members
  - WELS Congregations
  - Affiliated Ministries
- Gift Administration
- Planned Giving Support



# Beyond Cash – Smarter Ways God's People Can Give

## Presentation Description

Most charitable gifts are made with cash. While cash is always welcome, it's not always the most effective way to give. God's people have been blessed with resources and opportunities that can make generosity go further—supporting gospel work in ways that also bring personal blessings. By using tax-wise strategies, donors can reduce liabilities and expand impact, turning what God has entrusted to them into lasting ministry support. Appreciated assets such as stock, real estate, or business interests can often be given in ways that avoid capital gains and increase gifts to congregations, schools, or missions. For those in retirement, giving directly from an IRA can be another powerful option, transforming savings into ministry support without adding taxable income.

This breakout will show how WELS members can align their giving with both faith and wisdom. Through real-world examples, participants will learn how WELS Foundation equips God's people to maximize generosity—so gifts go further, last longer, and bless more people with the good news of Jesus.

# Outline

- Income tax basics
- Giving from an IRA
- Giving appreciated assets
- Charitable giving tools



# Quick Tax Basics

Taxable Income	
	Gross Income

- W-2 Wages
- IRA Distributions
- Pension and Annuities
- Social Security Benefits
- Other Income Sources

# Quick Tax Basics

Taxable Income	
	Gross Income
Minus	Adjustments to Income

- Contributions to HSA
- IRA contributions
- Certain expenses
- Many others

# Quick Tax Basics

Taxable Income	
	Gross Income
Minus	Adjustments to Income
Equals	Adjusted Gross Income (AGI)

- AGI sets the limits on other deductions

# Quick Tax Basics

Taxable Income	
	Gross Income
Minus	Adjustments to Income
Equals	Adjusted Gross Income (AGI)
Minus	Standard Deduction or Itemized Deductions

For 2026

- Individuals - \$16,100
- Filing jointly - \$32,200
- Additional deduction of \$2,050 for individual filers over 65 or \$1,650 per qualifying spouse for married couples

# Quick Tax Basics

Taxable Income	
	Gross Income
Minus	Adjustments to Income
Equals	Adjusted Gross Income (AGI)
Minus	Standard Deduction or Itemized Deductions
Equals	Taxable Income



# Standard or Itemized?

## Standard

- No required documentation
- Fixed amount
- Set annually by IRS
- Indexed for inflation
- \$16,100 / \$32,200

## Itemized

- Documentation required
- Charitable donations
- Mortgage interest
- State/local taxes (SALT)
- Other miscellaneous

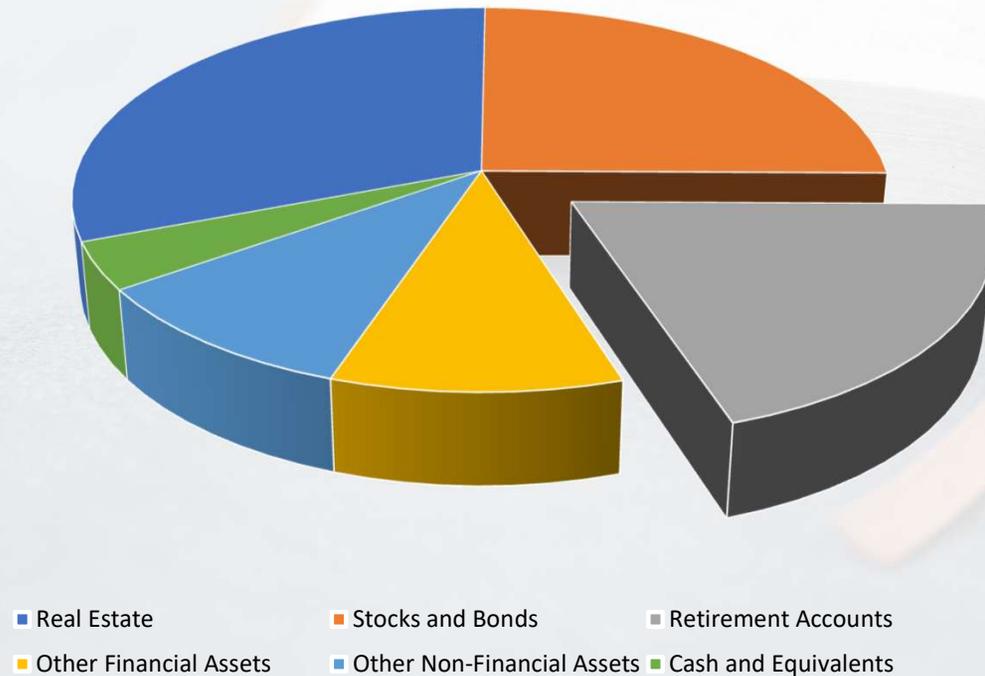
# Reducing Gross Income

Taxable Income	
	Gross Income

- W-2 Wages
- IRA Distributions
- Pension and Annuities
- Social Security Benefits
- Other Income Sources

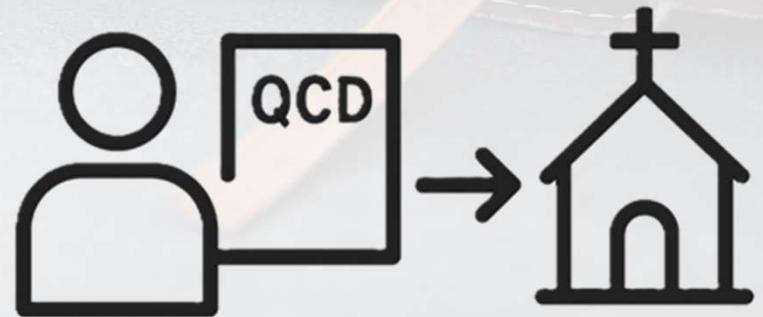
# Giving from an IRA

## Major Assets by U.S Household



# Giving from an IRA

- Qualified Charitable Distribution
- Direct transfer from IRA to a qualified charity
- Tax free transfer
- Cannot be paid to you first



# What is an RMD?

- The minimum amount of money required to be withdrawn annually
- Born 1959 or before, begins at age 73. Born 1960 or after, at 75
- Why? It's taxes!
- Added to Gross Income
- Taxed as ordinary income
- Based on age and account value



# Reducing Gross Income by QCD

- Reduces taxable income
- Can help avoid higher Medicare premiums
- Can help with Social Security taxation
- Works even if you don't itemize deductions
- Satisfies Required Minimum Distributions



# Who can make a QCD?

- Traditional, inherited, or inactive SEP/SIMPLE IRA account holders
- 401k and 403b plans do not qualify for QCDs
- 401k and 403b plans can be rolled into an eligible IRA
- Must be 70 1/2 at the time of distribution



# What are the limits of a QCD?

- For 2026 - \$111,000 per separate IRA account holder
- Couples with separate IRAs could direct \$222,000
- Must be transferred directly to a qualified 501(c)3 charity
- Must not receive benefit and is not deductible
  - In 2026 - \$55,000 once per lifetime to fund a CGA



# QCD Example

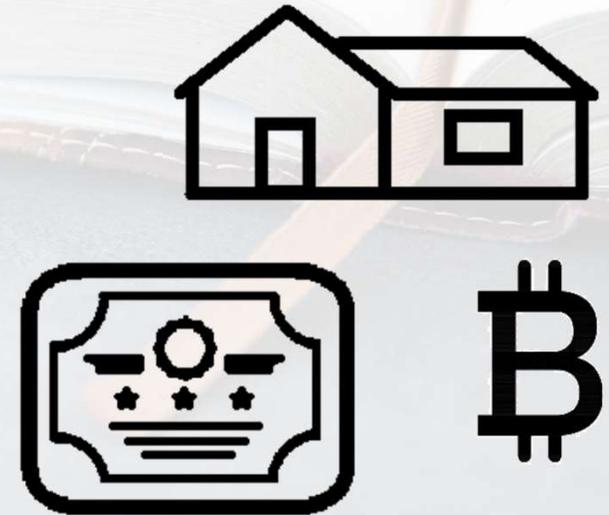
- John (age 75) has an RMD of \$16,260.
- He needs \$5,000 for living expenses and wants to support his congregation
- He arranges for a \$10,000 QCD to be sent through WELS Foundation
- \$10,000 satisfies part of his RMD and is not taxable
- Ministry receives the full \$10,000 from WELS Foundation

# QCD Example

- WELS Foundation sends the proceeds to his home congregation
- John receives an acknowledgement letter from WELS Foundation
- He now has a separate record of the QCD gift
- The taxable portion of his IRA distribution can be recorded easily
- His congregation can focus on their mission of spreading the Gospel

# Giving Appreciated Assets

- Highly appreciated assets
  - Gifts of Stock
  - Real Property
  - Other Appreciated Assets



# Giving Appreciated Assets

- Can avoid paying capital gains tax
- Can generate a tax deduction
- Can be part of a portfolio rebalance
- Can do a “Charitable Swap” to reset basis



# Tax on Appreciated Assets

- Profit on sale of appreciated assets called capital gains
- Long Term Capital Gain
  - Held for more than a year
  - Taxed at capital gain rates
- Short Term Capital Gain
  - Held for less than a year
  - Taxed at ordinary income rates



# Deduction for Appreciated Assets

- Deduction when itemizing
- Long Term Capital Gain Property
  - Deduction is equal to market value
- Short Term Capital Gain Property
  - Deduction is equal to cost basis



# Gift of Stock Example

- Paul plans to support a building campaign at his church
- He is considering using stock in a taxable, non-retirement account
- He purchased \$10,000 of IBM in 1996 now worth \$140,000
- He would owe \$19,500 in taxes if he sold it and gave the cash



# Gift of Stock Example

- Paul instructs his adviser to transfer the stock as a donation
- Full \$140,000 available for charitable deduction when itemizing
- He can carry forward the deduction for five years if needed
- He buys new shares with the cash he would have donated
  - “Charitable Swap” stays invested and resets his cost basis



# Planned Giving Supporting Ministry

- Charitable Gift Annuity
- Donor Advised Fund
- Charitable Remainder Trust



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# Donor Advised Fund

- Charitable account that can grow tax free
- Deduction at time of gift
- Flexibility to plan grants to ministry



# Bunching Giving With A DAF Example

- Matt and Rachel have eligible itemized deductions
  - Annual gifts to ministry - \$12,000.
  - Mortgage Interest - \$6,000
  - State and Local Taxes - \$12,000



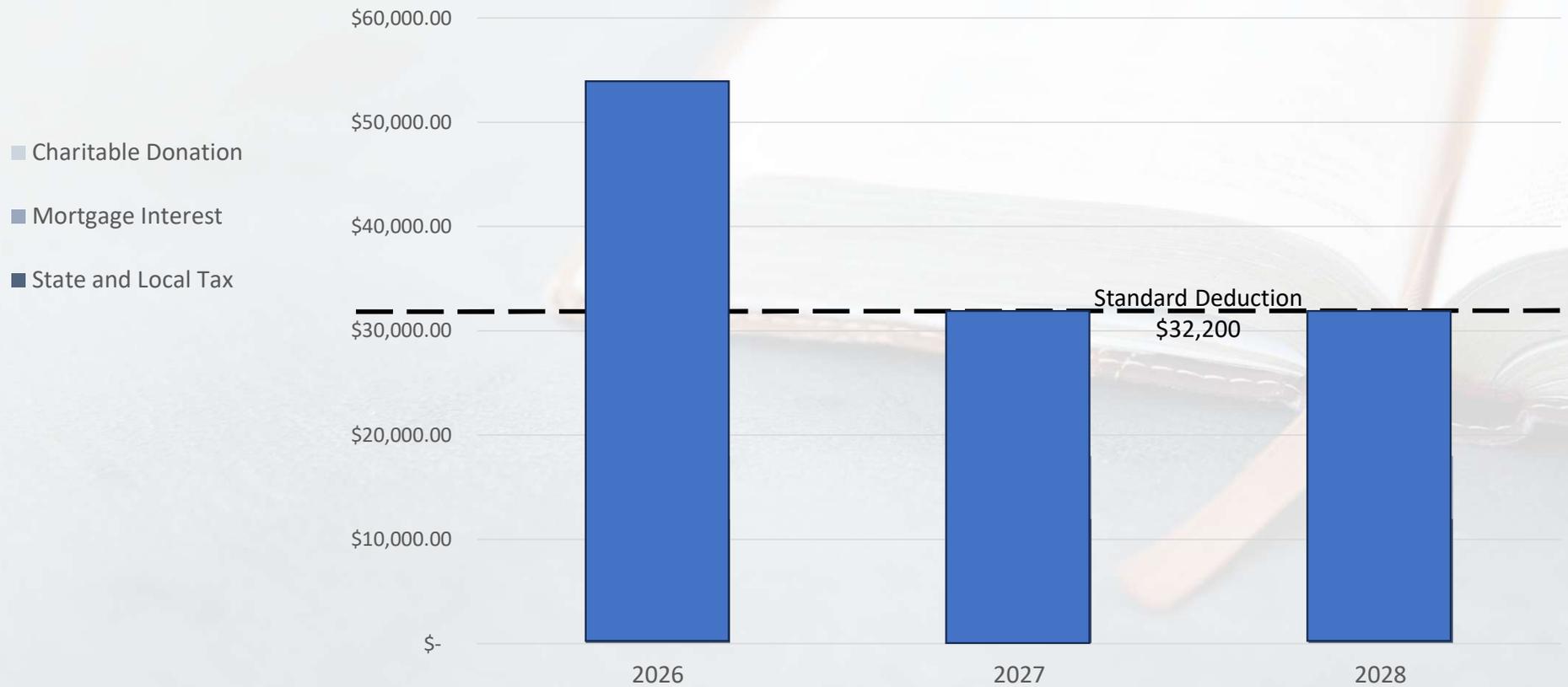
# Annual Giving Plan



# Three Years of Giving Bunched into One



# Deductions With Bunching



# Bunching Giving With A DAF Example

Deductions Without Bunching	
2026	\$32,200
2027	\$32,200
2028	\$32,200
Total	\$96,600

Deductions With Bunching	
2026	\$54,000
2027	\$32,200
2028	\$32,200
Total	\$118,400

- Additional \$21,800 income tax deduction
- No change in annual giving when granting from DAF

# Annual Giving Granted From DAF



# Charitable Gift Annuity

- Provides a fixed income stream based on annuitant's age for life
- Charity receives remainder value
- Portion of income is tax free
- Immediate tax deduction

The logo for Charitable Gift Annuity (CGA) features the letters "CGA" in a bold, black, sans-serif font. The text is enclosed within a stylized, hand-drawn black outline that forms a shape resembling a pair of curved lines or a bracket, with the top and bottom ends tapering off.

# CGA Funded With Stock

- Paul (age 75) purchased \$10,000 of IBM in 1996 now worth \$140,000
- He would like to support his congregation's commitment to their school
- He would also like to turn his investment into income for retirement
- He is considering a charitable gift annuity



CGA

# CGA Funded With Stock

- Paul gifts stock in exchange for a 7% annuity based on his age
- He receives a deduction of approximately \$55,000 for the gift to a CGA
- No immediate tax on \$130,000 gain at time of gift
- Lifetime fixed payments in quarterly installments totaling \$9,800 annually



CGA

# Charitable Remainder Trust

- Provides income to the donors, their designees, or both
- Income can be fixed or based on trust's value each year
- Invested to grow
- Remainder goes to ministry
- Immediate tax deduction



# CRT Funded With Real Estate

- In 2010, Bob and Sue bought a condo in Gulf Shores, Alabama for \$300,000
- The property has net income of \$4,000 monthly and is now worth \$800,000
- Bob and Sue planned on giving this property to ministry in their will
- Managing the property has become too much to handle
- They decide to transfer the property to a CRT with WELS Foundation



# CRT Funded With Real Estate

- Bob and Sue receive 5% annually of the year end value of the CRT
- First year payment before tax approximately \$40,000
- Immediate tax deduction at time of gift of approximately \$295,000
- No immediate tax due on the potential \$500,000 capital gain
- Potential benefit to ministry approximately \$1,188,000





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