Dual-benefit Gifts

If you want to benefit Christian Veterinary Mission to a significant extent but find you are not in a position to make an outright donation of a valuable asset, a dual-benefit gift enables you to chart a middle course. Fortunately, you have a number of choices that allow you to make meaningful gifts for the ultimate benefit of Christ's Kingdom without sacrificing your financial security.

A Charitable Remainder Trust

This option is a flexible workhorse. As the name suggests, when the trust ends what remains in it is distributed to one or more charitable organizations. Each year during its existence, however, it makes payments to you and/or other individuals you name. The payments can be structured in various ways and the trust can hold several different types of assets. Furthermore, when you set up the trust you receive a tax deduction for part of what the funding assets are worth. You can also delay and sometimes even reduce the tax on any capital gain assets you transfer to the trust.

Example: Roger and Helen, both age 66, own publicly-traded stock they acquired over a decade ago for only $60,000 that is now worth $250,000. Because the stock pays a modest dividend, they have considered selling it and investing in something with a better return, but they are reluctant to pay tax on the $190,000 increase in value. Separately, they want to arrange a large future gift to support CVM long-term field workers in Africa. At the suggestion of their advisors, they use the stock to establish a charitable remainder trust that pays them 5.5% of whatever its assets are worth at the start of each year. In so doing, they increase their cash flow considerably, receive an approximately $75,000 tax deduction, and fulfill a meaningful faith objective of providing support for CVM.

A Charitable Lead Trust

Such a trust is the mirror opposite of a charitable remainder trust: each year during its existence payments are made to one or more charitable organizations. When the trust ends, what is left is distributed to one or more people, often your children or grandchildren but sometimes you yourself. Of interest for wealthier donors who are concerned with federal gift and estate taxes, this type of trust can also be structured to provide an income tax benefit.

A Retained Life Estate

If you are an older donor and want CVM to have a piece of real estate when your life has ended but also want to continue using it for the time being, you may find a retained life estate arrangement compelling. So long as the property in question is a personal residence (including, among other possibilities, a condominium unit or a vacation home) or a farm or ranch on which you live, you can deed it to CVM now while reserving the right to remain on the property for life or a term of years. A sizeable current tax deduction can be claimed and, provided the property is not mortgaged, no capital gains tax will be owed. If you later need to move, several options are available. A life estate can even be created through your will to benefit a surviving loved one before the property becomes available to CVM exclusively.

A Bargain Sale

With this type of gift, CVM purchases an asset – most commonly real estate – from you at a bargain price. You receive a tax deduction for the difference between the amount paid and the asset's full fair market value. Because the arrangement is partly a sale and partly a gift, the capital gain is prorated between the sale portion (making it taxable to you) and the gift portion (resulting in no tax being owed, by virtue of CVM's tax-exempt status).