

December 2020

Dear friend in Christ,

Time, which hymn writer Isaac Watts described as an “ever rolling stream,” is one of life’s most precious commodities. When we give a gift, in reality, what we are giving is our time. The money we use to purchase the gift represents payment received for the investment of our time, whether it is earned in a job, vocation, business, or profession.

Because time is so valuable, the Apostle Paul admonished Christians in the church at Ephesus to make the most of their time. In other words, he urged them to maximize their potential, including investing their time to count for eternal values.

During this past year, you have done just that. By faithfully supporting the ministry here at STL, you have given of yourself, of your time and of the financial resources God has entrusted to you. Along with others committed to keeping this lighthouse of Gospel truth shining brightly for our Lord, you are a vital part of all that takes place here and in other areas as we share God’s grace through the good news of the Gospel.

Thank you for giving of yourself, your time, and your finances during this challenging year so that STL might continue its effective service for our blessed Lord. **On the reverse side of this letter you will find FIVE HELPFUL TIPS regarding year-end giving.** Of course, they will also be helpful for 2021 as well.

Sincerely yours in Christ,


Beverly Gray-Booth
Chief Financial Officer

YEAR-END GIVING INFORMATION AND THOUGHTS

Five little things to know regarding how to support the STL mission

NUMBER ONE: Gifts that you wish to be credited toward your giving in 2020 must either:

- Be electronic gifts received by December 28, 2020, or
- Checks dated in 2020 and received by January 10, 2021

NUMBER TWO: If you have an IRA, please read the enclosed article "IRA Charitable Rollover."
(Note that there is no required minimum distribution for 2020)

NUMBER THREE: WAYS TO SUPPORT THE STL MISSION



There is a variety of ways to give your support to the mission of STL. For many the easiest is to simply mail in a check or drop your offering off at the church. If you prefer electronic giving, STL offers multiple options:

- Text "GIVE" to 1-586-800-2233
- Visit: <https://www.stl-eastpointe.org/2015/07/13/mission-support/>
- Go to <https://www.elexiogiving.com/app/giving/stthoms>
- Through your Pay Pal account
- Scan this Quick Response (QR) code

These will connect you to our on-line giving form, where you can have your mission support offering automatically taken from your checking account or use your credit or debit card (STL is charged extra fees for debit and credit card transactions). **You can even set up recurring giving with many of these options!** IF YOU HAVE QUESTIONS, OR DESIRE ASSISTANCE, PLEASE CALL THE CHURCH OFFICE (586-772-3370).

NUMBER FOUR: For information on leaving a legacy gift to STL or on estate planning, please contact Pastor Hetzner. The STL Foundation has assembled packets containing resources that will get you started.

NUMBER FIVE: Mission Support 2021



This year you will be assigned the same envelope # for offering envelopes as you had in 2020. Your box of envelopes is in your mail slot/box. If you do not have a mail slot/box, you will find them in the west entrance of the church. (If you would like a mail slot/box, please contact the church office.) If you are unable to get to church to get your envelopes, you can still send in your contribution and it will be credited to your giving #. If you did not have envelopes in 2020 and would like some for 2021, please visit the table in the west entry way and sign up following the directions on the table. If you have any questions, contact Linda, in the church office.

IRA Charitable Rollover

ADVANTAGES OF MAKING AN IRA CHARITABLE ROLLOVER

The IRA rollover provision allows those age 70 1/2 to make gifts directly from their IRAs in a tax advantageous manner. This allows IRA owners who have attained age 70 1/2 to distribute money directly from the IRA to a qualified LCMS ministry (congregations, schools, local/national ministries, etc.). Total annual rollover from all IRAs cannot exceed \$100,000 for an individual. Spouses can each give up to \$100,000 with IRA rollovers.

Making an IRA rollover, as opposed to a normal charitable gift, has two main advantages. First, the rollover counts toward satisfying your required minimum distribution (RMD) for that year. Second, the distribution is excluded from your taxable income. It is this second advantage that greatly benefits under the new tax bill. With very few individuals expected to itemize (some estimates say around 5% of filers), the income tax deduction for contributions to ministry will be lost for many donors. However, if you make an IRA charitable rollover, you get a full exclusion of that income from taxes. So, if you are 70 1/2 or older, own an IRA, and are mission-minded, an IRA charitable rollover can really work out as a way to preserve an income-tax-reducing charitable deduction under the new tax law.



Example: John and Ann, both retired and in their seventies, give generously each year to their congregation and several charities. Their annual charitable giving usually amounts to \$17,000. In prior years, they have itemized their deductions on their tax return. Their charitable giving makes up the largest category of their itemized deductions, while their other itemized deductions only total \$6,000 (total itemized deductions of \$23,000). Because the standard deduction amount has increased to \$24,000, it is unlikely that they will continue to itemize.

John and Ann decided to use a charitable rollover from his IRA to donate the same \$17,000 to their congregation and several charities (John is required to take more than \$17,000 from his IRA as a required minimum distribution). As a couple, they receive a standard deduction of \$24,000, plus exclude the \$17,000 from the rollover from income, resulting in a tax benefit of \$41,000 against their adjusted gross income.

Last year in 2017, their itemized deductions totaled \$23,775, and of that \$17,000 were charitable donations. The couple's adjusted gross income received a tax benefit of \$23,775.

NON-IRA FUNDING

for gifts to ministry

\$23,000 total itemized deductions

compared to

\$24,000 standard deduction

Tax Return = \$24,000 deduction

Total Tax Benefit = \$24,000

IRA FUNDING

for gifts to ministry

\$6,000 total itemized deductions

compared to

\$24,000 standard deduction

Tax Return = \$24,000 deduction

\$17,000 IRA income excluded from tax return

Total Tax Benefit = \$41,000

2018 TAX REFORM

HOW DID THE NEW TAX LAW CHANGE THE IRA CHARITABLE ROLLOVER?

The tax reform bill signed into law in December 2017 did not affect the IRA charitable rollover, but it did make changes that make the IRA charitable rollover even more attractive. Here are four ways the new tax law and current economic climate affect charitable giving:

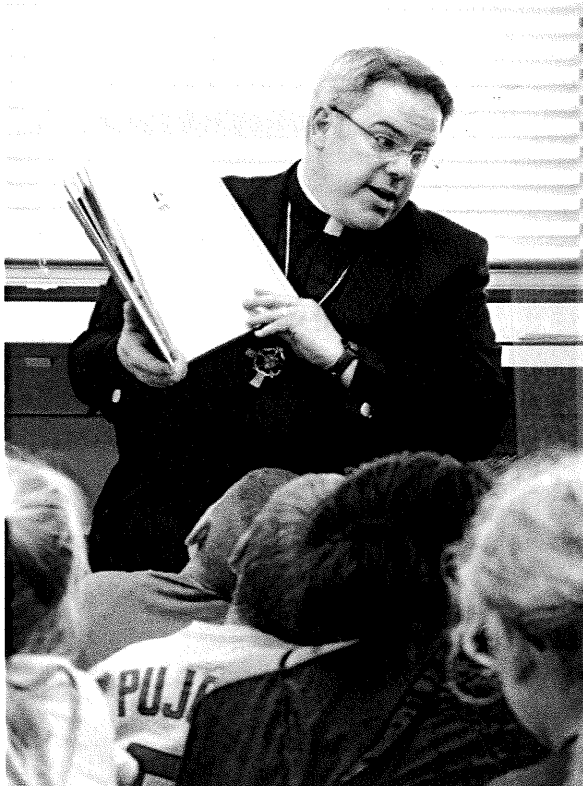
1. The standard deduction almost doubled to \$24,000.00 for married couples (\$12,000 for single).
2. The deduction for state and local income, property and sales taxes is capped at \$10,000 total for all combined.
3. The deduction for interest paid on a home mortgage remains the same for existing mortgages, but the interest deduction for new mortgages is capped at \$750,000. The deduction for interest paid on a home equity loan incurred for something other than home improvement is eliminated.
4. The deduction for charitable contributions remains (but you will only be able to take advantage of this benefit if you itemize). For those who itemize deductions in 2018, the amount of charitable contributions that can be deducted each year for cash contributions increased from 50 percent to 60 percent of adjusted gross income.

With the increased standard deduction and the new limits on deductions, it is expected that fewer people will itemize and take advantage of the charitable deduction. That makes the IRA charitable rollover, which keeps the distribution out of your adjusted gross income, even more attractive.

AVOIDING CAPITAL GAINS TAX ON GIFTS OF NON-CASH ASSETS

With the strong overall performance of investment markets, another tax-wise way to make your charitable gifts is to use appreciated assets. Donating appreciated assets avoids tax on any appreciation in the asset.

Contact your LCMS Foundation gift planning counselor for more information on how to make the very best gifts to family and ministry. This resource is intended to provide information of a general character only, please consult your own tax/legal professional for advice regarding your particular situation.



A few of the changes for 2020:

- Your beneficiaries are now no longer able to stretch inherited IRA payments across their lifetime.
- Inherited IRAs must be paid out within a maximum of 10 years, which means your loved ones could be stuck with bigger tax bills.
- There is no minimal IRA distribution (RMD) for 2020.
- Standard deductions have been raised to \$12,400 for singles, \$24,800 for couples, and \$18,650 for head of household.