

A person's silhouette is visible in the foreground, looking out over a city skyline at sunset. The sky is a mix of orange and blue. In the background, there are several buildings, including a tall one with a sign that says "HOTEL FLEMING". There are also some utility poles and wires visible.

# Opportunity of a Lifetime For Generous Half-Timers with Substantial Retirement assets Charitable Giving Strategies from the CARES Act

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# Meet Clint Halftime



Clint is tough on the outside but gentle on the inside.

He loves giving to ministries and would give more if he could.

His is past giving has been limited by his modest income (as a policeman!)

He does, however, have a very substantial 401(k) account and he is over age 59 ½.

Let's see what he can do this year.



# Clint Halftime's Asset Challenge

## Clint Wants to Give at the .44 Magnum Level

<b>Clint's Normal Earned Income (AGI)</b>	<b>\$</b>	<b>100,000</b>
<b>Amount he would like to withdraw from his 401(k)</b>	<b>\$</b>	<b>200,000</b>
<b>Clint's Total 2020 AGI with 401(k) Withdrawals</b>	<b>\$</b>	<b>300,000</b>

## Clint's Tax Problem

- A \$200,000 withdrawal from his 401(k) plan will increase his combined California and Federal Taxes by more than \$90,000 . . .
- Unless . . .
  - We show him a better way!



# Clint Halftime's Better Way Generosity Play

Clint withdraws \$200,000 from his 401(k) and then . .

Clint Gives his 401(k) withdrawal to his church	\$	200,000
Total Charitable Deduction	\$	200,000
Federal Taxable Income from 401(k) withdrawal	\$	-

## Clint's Tax Solution

- 401(k) plan distribution . . . donated to his church
  - No Federal tax on distribution
  - Only \$5,000 of increased California tax
- Despite California tax, effective tax on Clint's 401(k) withdrawal is 2.5%. Pretty good result.

**Last Challenge:** Clint isn't sure he wants to give all \$200,000 to his church . . . at least not all at once



# Clint has Control Issues, So Give Him Options!

## Make a big gift . . .

Direct to a church or ministry - 100%	\$	200,000
To NCF Giving Fund	\$	-
<b>Total Charitable Deduction</b>	<b>\$</b>	<b>200,000</b>
<b>Federal Taxable Income after Giving</b>	<b>\$</b>	<b>100,000</b>

## Make a big gift, but control the timing to one ministry . . .

Single Charity Fund for a ministry or church - 100%	\$	200,000
<b>Total Charitable Deduction</b>	<b>\$</b>	<b>200,000</b>
<b>Federal Taxable Income after Giving</b>	<b>\$</b>	<b>100,000</b>

## Make a big gift, and bank it in a DAF for future giving . . .

Gift to NCF Giving Fund - 60% of AGI	\$	180,000
Remaining amount Direct to a ministry	\$	20,000
<b>Total Charitable Deduction</b>	<b>\$</b>	<b>200,000</b>
<b>Federal Taxable Income after Giving</b>	<b>\$</b>	<b>100,000</b>