

Gifts of Business Interests

Optimizing Your Equity Stewardship

“Well done, my good and faithful servant.”

We all desire to hear our Lord say these words. We want to advance the kingdom as effectively as possible, to “press toward the goal for the prize of the upward call of God in Christ Jesus” (Philippians 3:14). We want to do all we can to fulfill Christ’s Great Commission.

As a business owner, you have particularly great potential to make a significant impact. No doubt you are giving generously, using the engine of your business to drive major contributions to ministries of evangelism, discipleship, and compassion. You’re also certainly doing all you can to keep your business strong and provide for those you love.

But many business owners don’t realize that they have even greater potential to make an even more powerful difference to the benefit of both their own business and the ministries they care most about.

A ministry-minded business owner can:

- Donate a portion of his or her business.
- Accelerate tax deductions.
- Increase cash flow for reinvestment.
- And free up money for ministry.

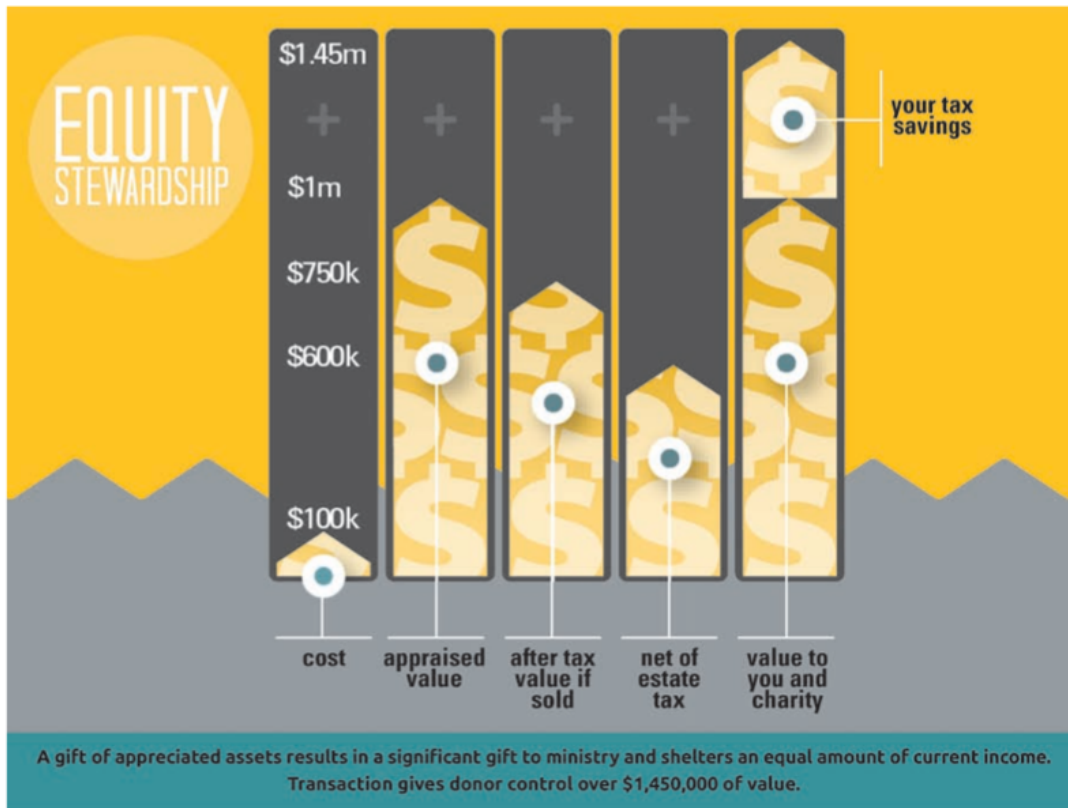
To put it in everyday terms, it is a win-win proposition.

But most importantly, Christ’s call to us — to proclaim the Good News, to make disciples of all nations — is carried out.

The key to all these benefits is using the proven tools available through Cru Foundation.

You can repurpose tax dollars to support ministry, build your business, and pursue family financial goals. First, look at the true value of non-controlling corporate shares. If you sell, the after-tax value with today’s high capital gains rates, medical plan tax, and state tax the value can be as low as 75% of the Market value. If you hold it to pass through the estate, the heirs

may receive only 60% of the value. The following chart compares these after-tax values to the total value of what you control by donating business equity.



*Tax rates and tax savings shown above are for illustration purposes only. Actual tax rates can vary.

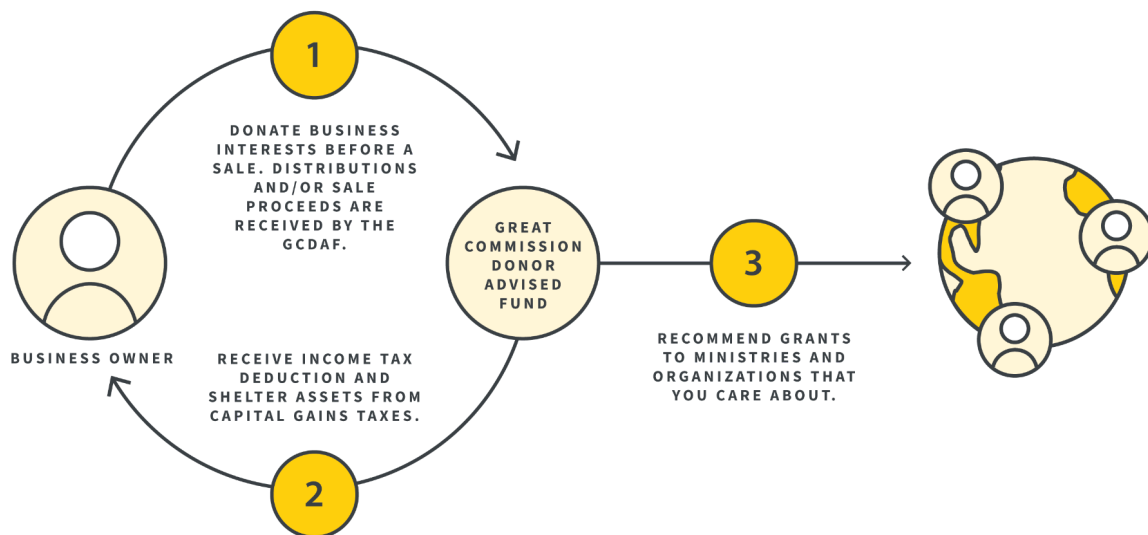
The process is simple enough to be explained in plain English.

The business owner donates a percentage of corporate stock and gets a tax deduction — it's like taking money tax-free from the business.

The donated shares are held until sold with the rest of the business. (You can generally sell to whomever you want, including family members.) Any profit from the donated shares is taxed at a lower effective rate than that assessed to the business owner. The rate can be as low as 0%.

You can also reinvest the tax savings into your business. It's totally up to you.

The after-tax proceeds can flow into your Great Commission Donor Advised Fund account. Through this account, you advise grants to your favorite ministries.



This strategy is proven.

Ask Ed Thomas. He owns a real estate development business. He has a passion for fulfilling the Great Commission. He was generous in supporting ministry, and he thought he was giving as much as he could. Maxed out.

But then he learned about the benefits of donating equity in his business. He studied it, he investigated, he weighed the options, he prayed. He decided to go for it.

And he could not be more pleased.

“[It’s] a tool to turn tax dollars into kingdom dollars,” he says.

Now, for the first time, he and his sons could give away a minority non-voting interest in their primary business *without losing any control* — and gain “huge tax advantages.” Ed calls them “new dollars” — newly available dollars, thanks to the tax savings — and he pours them into ministries pursuing the Great Commission.

One great advantage, Ed observes: Generous Christian business owners can turn *non-liquid* assets (like percentages of business ownership) into “immediate Kingdom dollars ... instead of waiting for a sale sometime in the future.”

He says, “I can accelerate the privilege of giving,” and be more involved than ever “in the eternal destiny of the souls of men and women.”

This is the adventure to which we invite you today. For your sake, and for the sake of your family. For the sake of your business. Most importantly, for the sake of the gospel.

Looking at the Numbers

The deduction offsets tax on an equal amount of current income. This is like taking money tax-free from the business.

<u>Current</u>	<u>Proposed Donation of Business Interests*</u>
\$1,000,000	Income.....\$1,000,000
(\$100,000)	Cash Giving.....(\$200,000) ¹
\$0	Stock Gift(\$300,000) ²
\$900,000	Taxable.....\$500,000
(\$396,000)	Tax @ 44%.....(\$220,000)
\$504,000	Net Cash\$580,000 ³

*Tax rates and tax savings are for illustration purposes only. Actual tax rates can vary depending on the business structure and other factors.

Additional Benefits

- You are free to give up to 60% of your new, lower adjusted gross income in future years in addition to funds flowing by way of the donated shares.
- At the sale of the stock, capital gains may be totally avoided on C-corp, many LLCs, or LTD partnership interests. S-corp shares are taxable, but at far lower effective federal rates than you would normally pay.
- Buy-sell arrangements can be made with family members or with your estate, if desired, to ensure that the entire business is returned to the family.
- Donated shares are not subject to estate tax.

¹ Increased cash giving from tax savings.

² Stock gifts are limited to 30% of adjusted gross income.

³ \$1,000,000 less \$200,000 cash gift and \$220,000 tax.

A Historic Rationale for Gifts of Business Interests

Today, we stand at an unprecedented point in history.

The aging of Americans is predicted to cause millions of dollars worth of businesses to be sold or transferred to the next generation. The capital gains tax on this amount will be in the trillions of dollars.

A Cornell University study predicts that \$45 to \$100 trillion will pass through the estate tax system in the coming years.

Yet just a *fraction* of this amount would be sufficient to reach the entire world many times over with the gospel.

A Final Word

Time compounds the value of money, but it can also compound *spiritual fruitfulness*. If we wait to invest in the gospel, we delay the possibility of many people who could come to Christ *today*. We also delay the evangelistic “ripple effect” — reaching those families, friends, and others who could be impacted by these new converts and countless more in *their* subsequent outreach.

We do not know when the next Moody or Bright or Graham will come to Christ, someone who will have an incredible compounding effect for the kingdom. We do know that gifts made today have a *synergy* that compounds *more* as years go by.

Your business has tremendous ministry potential — not to mention economic value to you and your family. We welcome the opportunity to discuss the possibilities with you.

Contact Us!

100 Lake Hart Drive, #3600 • Orlando, FL 32832 • (800) 449-5454 • Fax (407) 541-5106

www.crufoundation.org • info@crufoundation.org

Accelerating the Great Commission through smarter generosity.