

Access to Justice Fund: 2000 Year-End Gift Ideas

By Candace Crowley

It's never too soon to start thinking about transactions that make good use of the income tax charitable deduction and the Michigan community foundation tax credit. Here are some of the best year-end gift ideas. We urge you to discuss your tax planning with your accountant or other professional advisor so you can see how tax planning can help you support great charitable causes—like the ATJ Fund—in a meaningful financial way.

Gifts of Cash: Easy Tax Benefits

If you itemize, you can lower your 2000 income taxes simply by writing us a check by December 31. There is no easier way to get a 2000 charitable deduction. If your envelope is postmarked by December 31, your donation will qualify as a 2000 gift. Gifts of cash are fully deductible, up to a maximum of 50 percent of your adjusted gross income. For example, if your adjusted gross income for 2000 is \$50,000, up to \$25,000 of charitable gifts may be deducted in 2000. Any excess can generally be carried forward and deducted over as many as five subsequent years.

Whether or not you itemize, you can get the Michigan community foundation tax credit by designating your ATJ Fund

gift as an endowment gift, with tax credit. Through an arrangement with Capital Region Community Foundation, gifts so designated are eligible for Michigan's 50 percent community foundation income tax credit on amounts up to \$400 for a joint return and \$200 for an individual return.

Gifts of Stock: How to Avoid Capital Gains

A gift of stock generally provides a two-fold tax savings. First, you avoid paying any capital gains tax on the increase in value of the stock. Second, you receive an income tax charitable deduction for the full fair market value of the stock at the time of the gift. You must have owned the stock for a "long-term" period (generally more than one year) in order to qualify. For example, if you bought stock years ago for \$1,000 and it is now worth \$10,000, an outright gift of the stock to us would result in a charitable contribution deduction of \$10,000. In addition, there is no capital gains tax on the \$9,000 of appreciation.

Gifts of appreciated stock are fully deductible—up to a maximum of 30 percent of your adjusted gross income. For example, if your adjusted gross income for 2000 is \$100,000, up to \$30,000 of long-term, appreciated stock and other property gifts may generally be deducted. Any excess can generally be carried forward and deducted over as many as five subsequent years.

Planned Giving Ideas— Future Support without Significant Cash Now

A variety of planned giving vehicles provide meaningful financial support in the future that does not require significant cash reserves now. Simple will bequests, gifts of life insurance, gifts of appreciated property, charitable remainder trusts, and charitable gift annuities are some examples of how this can be done.

When considering your year-end financial matters, we urge you to consider the Access to Justice Fund, created through a partnership between the State Bar of Michigan, the Michigan State Bar Foundation, and the Legal Services Association of Michigan. The ATJ Fund is held by the Michigan State Bar Foundation and distributed through MSBF's established grant awards to nonprofit agencies that provide civil legal aid to the poor. For more information, contact Candace Crowley at the State Bar of Michigan Access to Justice Development Department, 1-800-968-1442.

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