

Faith & Finance



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Giving is the gift that keeps on giving

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To understand the role of giving in a Christian's life, we look to the foundational truth that God owns it all, as we read in 1 Corinthians 10:26, "the earth is the Lord's, and all that is in it." We know that God doesn't need our time, talents, or treasures, it's all His. However, we need to practice meaningful generosity to see the blessings associated with it, both now and in eternity. For example, giving breaks the power of money over our hearts. The fear that we won't have enough is replaced with faith that we are cared for by our Heavenly Father. Always wanting more is transformed into contentment with what we have. Since we can't take anything with us, we send it ahead by giving, with an aim to hear "well done, good and faithful servant". The Apostle Paul understood this when he wrote in Philippians 4:17, "Not that I seek the gift, but I seek the profit that accrues to your account." Likewise, Jesus taught that it's more blessed to give than to receive. As we become more generous, we experience more of the blessings that God intended for us. Among others, these blessings include the tangible health and economic benefits associated with giving.

According to neuroscientist Jorge Moll, generosity releases neurochemicals like oxytocin and endorphins that make us feel euphoric (J Baraz et al., "The helper's high" 2010). Giving also helps when coping with environmental, social, and other changes that are outside of our control. Look no further than the COVID pandemic to see that the antidote (to fear) is generosity. Also, it's been shown that volunteers are less likely to be depressed (both in the moment and for an extended period of time to follow) and have more satisfaction with their lives and jobs (Chancellor et al., "Everyday prosociality in the workplace: The reinforcing benefits of giving, getting, and glimpsing" 2018). Overall greater health and increased longevity are correlated with giving of our time, talents, and treasures. In addition, the economic benefits of generosity are significant.

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The economic benefits of giving include; tax-savings (income, capital gains, gift, estate), income tax coordination, asset diversification, risk reduction, unlocking income from underperforming assets, and investment in a tax-free environment. For example, if you are age 70.5 or older, and are required to take IRA distributions (RMD), then you can make Qualified Charitable Distributions (QCD) from your IRA that can go tax-free to charity. QCDs also go towards satisfying your annual RMD. Another often missed opportunity is to give appreciated assets such as securities (stocks, bonds, mutual funds, ETFs, crypto currency), business interest, or property, instead of cash gifts. Avoid paying the capital gains tax on the appreciation, and potentially get a charitable deduction for a double tax benefit. One way to maximize charitable deductions (especially if you normally take the standard deduction) is to "bunch" your charitable gifts (and itemize your deductions) during a high-tax year or every other year. You may also utilize a charitable vehicle like a Donor Advised Fund (DAF) to invest the funds for tax-free growth and use the DAF as a tax-free giving vehicle for years to follow.

It's wise to consult a qualified expert in these matters. Even the IRS understands the economic and social benefits of giving and has provided significant tax benefits.

As a result, giving is the gift that keeps on giving, for the benefit of the giver and those on the receiving end. During this season of giving, and into the year ahead let us remember the words of John Wesley who said, "Do all the good you can, by all the means you can, in all the ways you can, in all the places you can, at all the times you can, to all the people you can, as long as ever you can."

Merry Christmas and blessings in the year ahead from your friends at Cornerstone Financial Management LLC!

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