

Tax Advantages

There are many tax advantages you can possibly receive by giving a charitable donation to Trinity Lutheran High School. Most charitable donations are tax deductible and may reduce the amount of income tax you owe to the Government. Because your gift may involve financial planning, legal documentation, and tax issues, we recommend that you consult a financial planner, tax adviser, or attorney. Please contact David Probst, Director of Development at 812-524-8547 to learn more about the tax benefits of giving to Trinity, or to receive help with finding a financial planner, tax adviser, or attorney who can help you make your donation

Capital Gains Tax

Short-Term Assets: Short-term assets are those owned for one year or less. If you sell the asset first and donate the proceeds to charity, any gain on the sale will be taxed at the ordinary income tax rate. If you donate the asset, your income tax deduction will be limited to the lesser of FMV (Fair Market Value) or your cost basis in the asset. However, the IRS will treat this like a cash contribution, and it will be deductible against AGI (Adjusted Gross Income) up to 50% for a public charity and 30% for a private foundation.

Long-Term Assets: Long-term assets are those owned for more than one year. Long-term capital gains are taxed at lower rates. Dependent upon AGI (Adjusted Gross Income) and filing status, most taxpayers are subject to a 15% capital gains tax rate, while some top-rate taxpayers now face up to a 20% rate as well as a 3.8% Medicare surtax on net investment income.

When donating long-term appreciated securities please consider donating the securities before you sell them instead of selling the securities first and then donating the after-tax proceeds. By donating them unsold you have the ability to eliminate taxes on the capital gains, so the charities to which you give receive a larger donation.