

Pension Protection Act of 2006 (impact on charitable contributions)

Stewardship Tip

The Pension Protection Act of 2006 amended the tax code to require all cash contributions, regardless of amount, to be substantiated by either a bank record (such as a cancelled check) or a written communication from the church. Therefore, no cash contribution deductions will be allowed without a receipt from the charity/church. What a great way to encourage members to use their offering envelopes and maybe they will become regular contributors. Also when the church provides a detailed quarterly or annual summary of offerings, contributions usually increase. Quarterly reminders of giving for your members are worth the time and cost investment!

New tax laws

Last year the 2006 Pension Protection act was passed by Congress. A summary of those laws and how they affect churches are online at www.nacba.net/Article/NewTaxLaw.htm. The change that affects church treasurers is the record keeping requirement necessary to claim the charitable deduction for contributors. As a result of the new law, churches must virtually receipt every donation including cash.

Tightened rules in 2007 for deduction of charitable contributions

A change that was legislated last fall as part of the Pension Protection Act of 2006 will have an impact on CASH contributions in 2007.

Cash contributions will not be deductible unless you have a receipt for them from the organization receiving your cash gift.

Ways in which this may impact an individual is:

- cash plate offerings—regardless of the amount, it will not be deductible without a written acknowledgement from the congregation;
- cash placed into a basket at Sunday school;
- cash contributed during a door offering.

This pertains to loose cash not inside an offering envelope. Cash inside an offering envelope is identifiable by the envelope number and can be recorded as in the past.

Congregations may want to provide advance notice of special door offerings so members can plan ahead and write a check if they wish to participate. Members of congregations may want to consider contributing their Sunday school offerings monthly or quarterly by check instead of making weekly cash gifts. Congregations can help members by keeping a supply of extra envelopes for members who forget to bring their offering envelope.

Also, while this is not part of the Pension Protection Act of 2006, I want to remind everyone that single donations of \$250 or more, regardless of whether made with cash or check, are not deductible unless you receive a written acknowledgment from the recipient organization. Please feel free to contact Roger Curtis with any questions you may have at Roger.Curtis@idwlcms.org or call 515.576.7666.

(Adopted from Peter Krege, Director of Financial Planning and Control, Missouri District, LCMS)