

THE KINGDOM BUILDER



STEWARDSHIP MINISTRIES

They Have You In Their Cross-hairs

For conservatives this year's Presidential election was telling by what happened. But it was also telling for those in America that our incoming President has labeled as "rich". We have witnessed a prevailing attitude among the political party now in control that resembles the legendary Robin Hood more than it does government.

Lest you think I am over-reacting, allow me to quote from a campaign speech by Congressman Jim Moran (D-VA). He said, "We have been guided by a Republican administration who believes in the simplistic notion that the people who have wealth are entitled to keep it." (Watch it for yourself on www.youtube.com/watch?v=QJyS1WJNisM.) Such a silly notion - those who earn the wealth should be entitled to keep it!

Should you believe that this is some renegade congressman who does not represent the prevailing philosophy of his party, when the President-elect was asked about raising taxes on wealthy Americans, he confirmed he intended to do so and added, "I am not bashful about it." He repeats the phrase "redistribution of wealth" as if it is a constitutional mandate.

It seems to me that the only difference between Robin Hood's tactics and the new administration's tactics is the former would steal your wealth through robbery and the later would steal it by increased taxation.

There is no doubt that the controlling, liberal party is interested in helping the poor and those in need, but they prefer to do so using your money and not their own.

Arthur Brooks in his myth-busting book, *Who Really Cares*, confirms that the most generous people in America are the conservatives. The liberals talk about generosity and compassion toward the underprivileged far more than they personally do anything about it. While even though conservatives talk less about it, they actually personally do substantially more to meet their needs than the liberals.

In case you think this book is just another "conservatives-bashing-liberals" tirade, know that Brooks, himself, is a self-proclaimed liberal and set out on this book project to prove that liberals were more generous than conservatives. Unfortunately, his extensive research betrayed him in much the same way that Lou Wallace's research to disprove the claims of Jesus for his book, *Ben Hur*, betrayed him. The evidence for Christ's claims were so overwhelming that before his book was completed Wallace had become a follower of Jesus.

Our new President has indicated that his definition of "rich" is anyone who makes \$250,000 or more annually – an arbitrary number at best. For those of us who believe in the "simplistic notion" that what we have honestly earned belongs to us, may find it instructive to understand how the next administration views your wealth. They believe it

belongs to them and they are going to tell you how much of what is theirs they are going to allow you to keep. I am reminded of the humorous simplified 1040 form I saw some years ago that only had two lines. Line one: How much did you make? Line two: Send it in.

Our new administration indeed has you in its cross-hairs. If God has blessed you with a good income as a result of years of diligent work and with success enough to accumulate a good bit of surplus wealth you are viewed as having deep pockets which have been filled through avarice and selfishness. Your wealth is about to be legally tapped to pay for the government's addiction to spending money it does not have and providing programs it cannot afford.

Our new President has said for \$250,000+ income group, your marginal income tax rate will be going up to a rate of 39.6%. He has also said that he intends to raise your capital gains and dividend rates to between 20-25% from the current 15%. He has also indicated that your income over \$250,000 will be subject to Social Security taxes. He told senior citizens in Ohio during his campaign that it is unfair for middle-class earners to pay the Social Security tax "on every dime they make," while millionaires and billionaires pay it on only "a very small percentage of their income." His logic escapes me since benefits paid out are proportionate to the contributions paid in. But nonetheless, our new President has the wealthy in his cross hairs for an additional 6.2% of Social Security taxes on all income over \$250,000.

Lastly, our incoming President has made it quite clear that he opposes elimination of gift/estate taxes. He has suggested he might be willing to freeze the lifetime applicable exclusion amount (the amount you can give away without gift or estate taxes) at \$3.5 million and the maximum gift and estate tax rate of 45%. There is absolutely no doubt that any further reduction or the long term elimination of gift/estate taxes is not going to happen. They have you in their cross hairs.

What does all this mean to us? There is a good side to all this. The good news is that for those who

will take the time and make the effort to develop and implement an integrated, strategic Master Stewardship Plan, they can avoid and in some cases even profit from the increased tax burden that is slated for the "rich".

Since gift/estate taxes are optional, it really doesn't matter what Congress or the President does with the lifetime applicable exclusion amount or maximum tax rate. We simply make the tax go away and rather than paying millions of dollars to the government in needless estate taxes, you can instead redirect those millions of dollars to the Kingdom causes you most care about.

Capital gains tax rates are also still optional, no matter where Congress sets the rate. So, with strategic planning this unnecessary tax can simply be avoided, making your realized capital gains tax rate 0%.

Remember, the higher the government raises the income tax rate the greater their matching gift to your Kingdom giving. In other words, if the income tax rate were 25% and you gave \$100,000, they would match that gift by refunding you \$25,000 in taxes. But if the tax rate is 40%, their matching gift would be \$40,000 – making the cost of the gift only \$60,000 instead of \$75,000.

I must admit I have little confidence that this new administration is going to be good for our country either short term or long term. Time will no doubt tell. But one thing is for sure. For you wealthy Christians who choose to become creative and proactive stewards in their planning for the wealth God has entrusted to us, you can stare down those bureaucrats who have you in their cross hairs and say the same thing to them than Joseph said to his brothers, "But as for you, you meant evil against me; but God meant it for good..." (Genesis 50:20).

As the old saying goes (or my version of it), "When the government gives you lemons, make lemonade! Remember Solomon said, "The clever do all things intelligently" (Proverbs 13:16 RSV). Are you prepared to be cleverly intelligent? The opportunities are going to be abundant for those who are looking.



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