
# Charitable Giving: How to Build Your Impact

# Speaker

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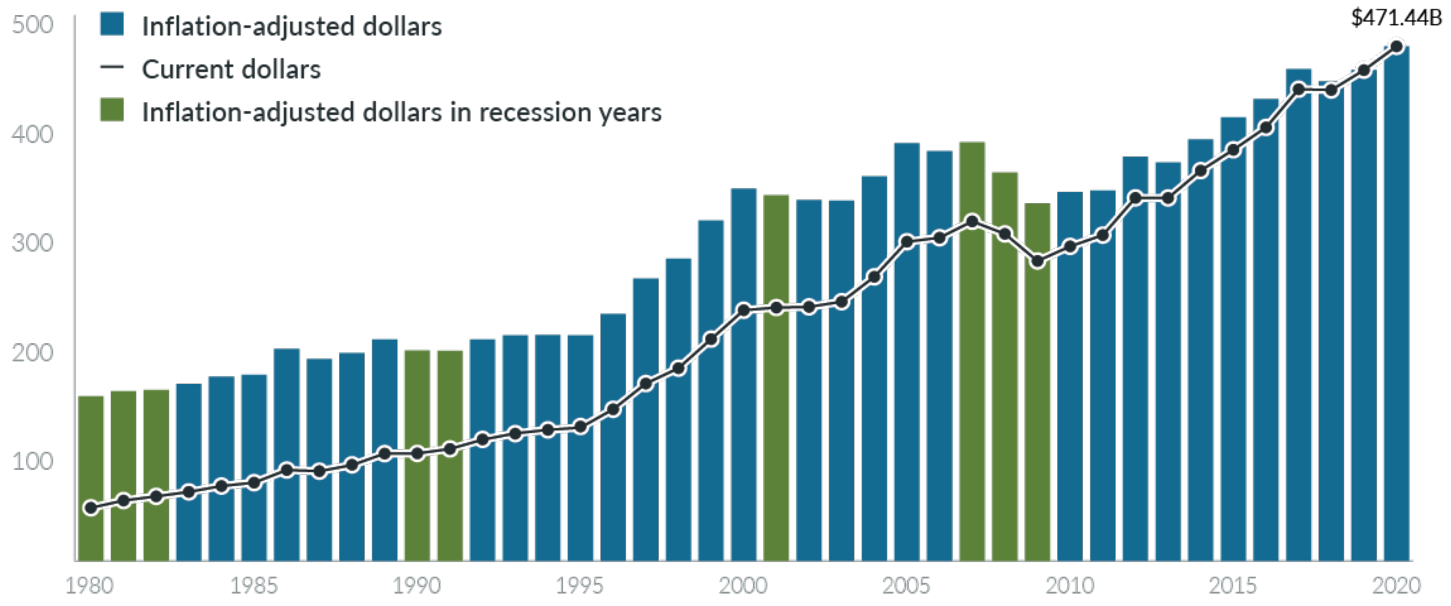
The better you understand your charitable giving options, the more confident you can be as you make decisions to leverage your money for good.

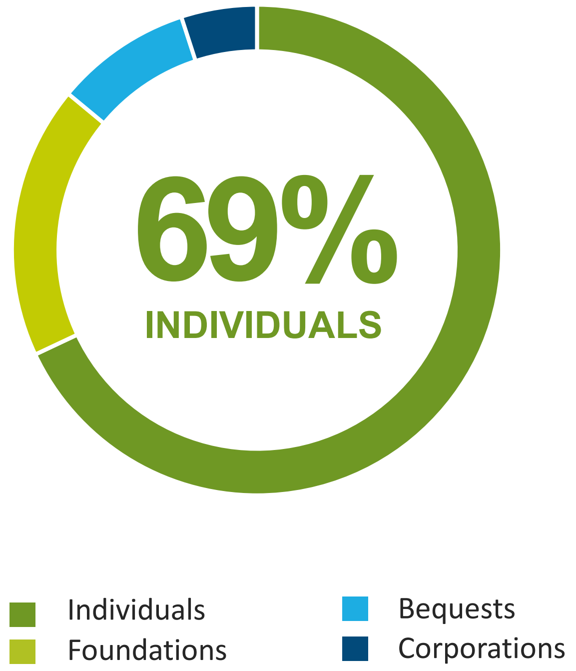
# Understanding the benefits of giving strategically

# The Charitable Landscape

## Charitable giving continues to increase




## Giving by Source




All figures are rounded

[1] Giving USA 2021

# Popular Assets to Give

**Cash**

**Appreciated Securities**

**Complex, non-publicly traded assets**

## Benefits of donating long-term appreciated assets or complex assets

Generally entitled to the full fair market value tax deduction[1] at the time of gift

Reduce or eliminate capital gains tax

Give more by donating directly to charity

[1] For contributions of complex or non-publicly traded assets, generally fair market value is determined by a qualified appraiser in compliance with IRS guidelines.

# Right Asset: Check or Long-Term Appreciated Stock?

## $20,000

*Donation to Charity*


**CHECK**

**STOCK**

*($20,000 FMV / $10,000 cost basis)*

**What is the purchasing power of each asset?**

**$20,000**

**$18,500**

**After -$1,500 in capital gains assessed**

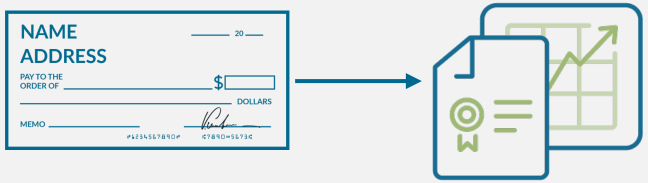
**If donated, how much does the charity receive?**

**$20,000**

**$20,000**

### What if you want to keep the security?

**Use the original check to repurchase the stock**




**Reset cost basis from *$10,000 to $20,000***

**Stock's new purchasing power**

**$20,000**

**Give the same amount to charity using an asset of lower value.**

**Two tax benefits giving stock: FMV tax deduction & minimize capital gains**



This is a hypothetical example for illustrative purposes only. The example only considers stock in publicly traded companies, takes into account a 15% capital gains rate and assumes the appreciated asset has been held for longer than one year.

# Reducing Income Taxes Through Charitable Giving

Deduction limits as a percentage of Adjusted Gross Income (AGI)

Generally deductions exceeding these limits can be carried forward for up to five additional years

**Cash**

**60%** to public charities, including those that sponsor donor-advised fund programs

**Long-Term Appreciated Securities**

**30%** to public charities including donor-advised funds

# Reducing Capital Gains Taxes Through Charitable Giving

Capital gains tax is potentially **eliminated** when long-term appreciated assets are contributed rather than liquidated and sold

**Short Term**

Taxed at ordinary rates

**Long Term**

Taxed at **15%** for most, **20%** for those in the highest income bracket

Additional **3.8%** Medicare surtax in some cases

# Reducing Estate Taxes Through Charitable Giving

Charitable gifts made during a client's lifetime removes the assets from (and any future appreciation related to) their estate

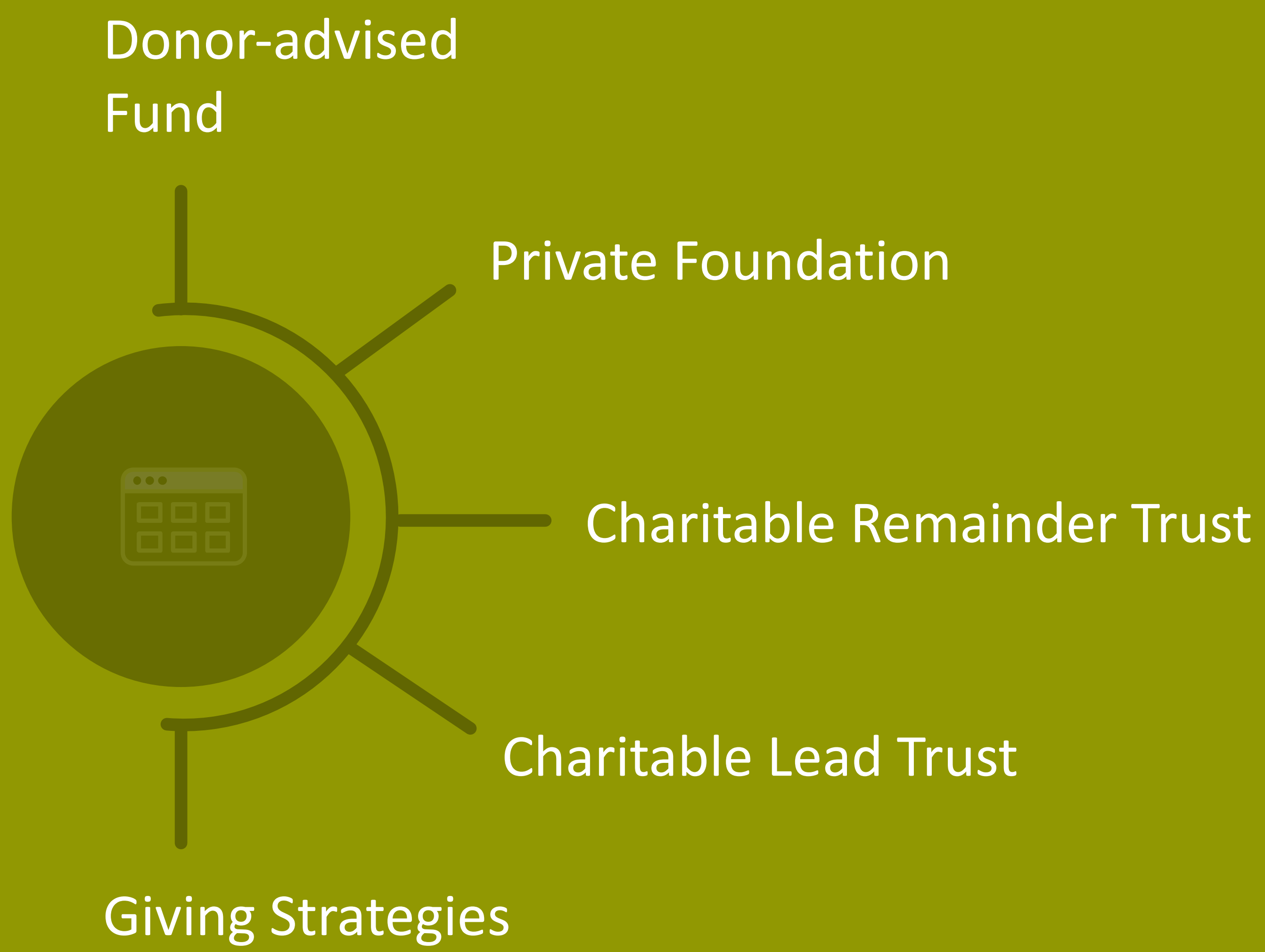
Federal estate tax exemption is **$12.06 million**[1]

Highest taxable rate is **40%**

**Unlimited deduction** for charitable contributions

[1] 2022; adjusted annually for inflation

# Considering various giving vehicles and strategies



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# Common Giving Strategies and Vehicles

## Giving While Living

- Donor-Advised Funds
- Private Foundations

## Giving and Generating Income

- Charitable Remainder Trusts (CRTs)
- Charitable Lead Trusts (CLTs)

# Donor-Advised Fund (DAF)

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## What is it?

A program sponsored by a public charity that allows a donor to make an irrevocable charitable contribution and be eligible for an immediate tax deduction. The donor can then recommend grants over time to IRS-qualified public charities.

## How does it work?


## Who's a good candidate?

Donors who want a turn-key solution to combine with low cost, potential tax-free growth, and the flexibility to support their favorite charities over time.

# Private Foundation

## What is it?

A separate tax-exempt entity established as a nonprofit, typically through a substantial initial gift, and must be organized and operated exclusively for charitable purposes. A board is usually named to manage the property and distribute the assets over time to charities.

## How does it work?


## Who’s a good candidate?

Typically, high net worth donors interested in operating an organization to actively manage investments, accounting, and grantmaking, as well as sponsor charitable events. Will often hire staff to support the operations of a private foundation.

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# Gifting the Right Assets at the Right Time

## It may be advantageous to give non-retirement assets during life and to pass on retirement assets as part of legacy planning

### MAKE AN IMPACT NOW

- Donate non-retirement assets to charity
- Retirement assets typically not ideal
- Accelerate giving in pre-retirement years
- Qualified charitable distributions (QCDs)
- Unknown or Zero Basis in security
- Strategy shifts as we age

### LEAVE A LASTING LEGACY

- Step up in cost basis with non-retirement assets
- Retirement assets become ideal to gift
- Roth IRA considerations
- Incorporate charitable giving into your estate plan

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# Tax-wise Scenarios for Charitable Giving

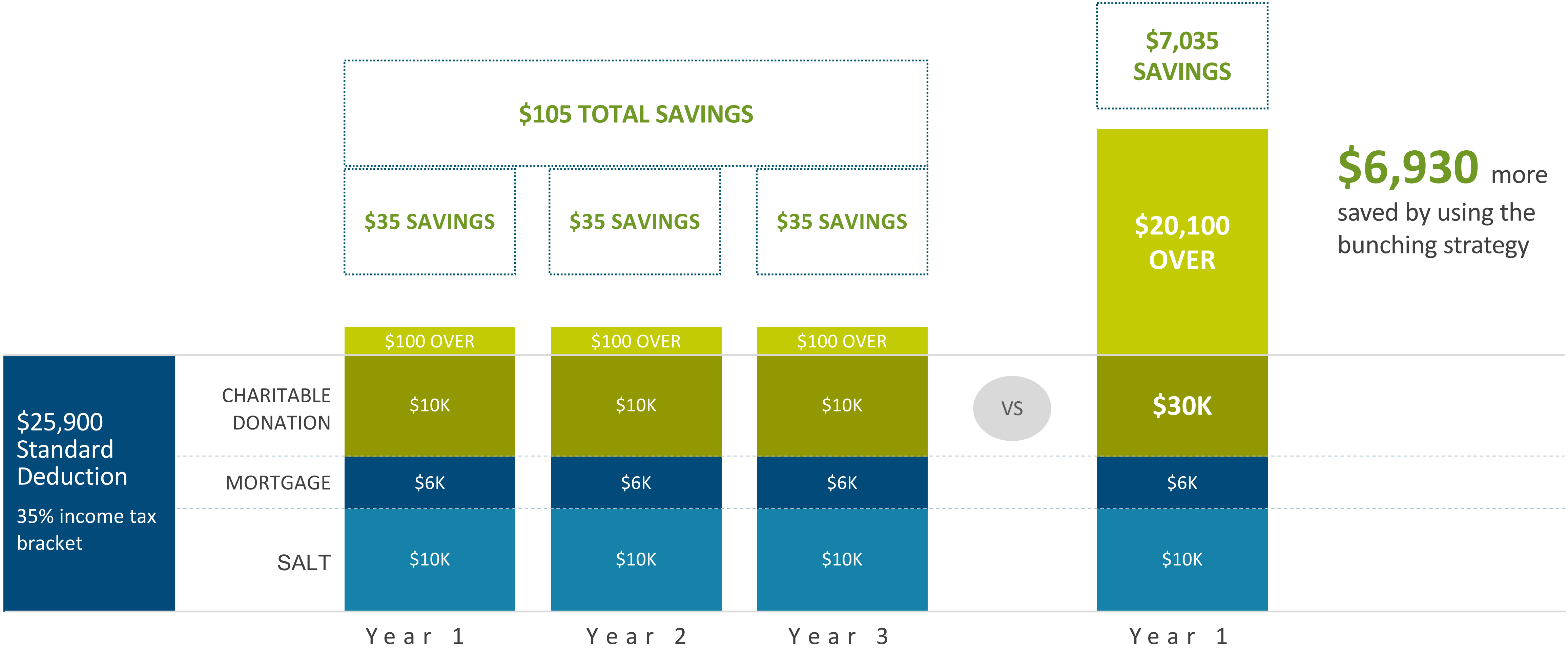
Minimize/offset capital gains taxes

Offset a high income year

Alleviate estate taxes

Exceed the standard deduction threshold

# Bunching




**$6,930** more saved by using the bunching strategy

This is a hypothetical example for illustrative purposes only. This chart assumes a married filing jointly couple, both under 65, and neither blind, who contribute a cash gift. The tax savings referenced here are specific to the charitable donation made above the 2022 $25,900 standard deduction. Information herein is not legal or tax advice.

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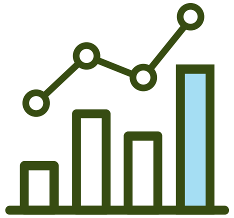
# Donor-Advised Fund

## Give

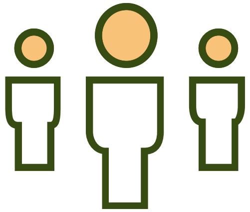
Donors make a tax-deductible donation[1]

## Grow



…grow the donation tax-free

## Grant



…and support charities

[1]For contributions of complex or non-publicly traded assets generally fair market value is determined by a qualified appraiser in compliance with IRS.

# Making Grant Recommendations

### Efficient

- Recommend grants online, phone, fax, mail or with the iPhone App!
- Due diligence is performed on all grant recommendations

### Flexible

- Recommend a specific use for a grant
- View your charitable giving history online
- Access information on a wide variety of organizations

### Customizable

- Set your own grant recommendation schedule: Immediate, future, even recurring
- Recommend grants on your behalf, in someone’s name, or anonymously

# Tools to Research and Compare Non-profits

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### Charity Navigator

Thousands of charities are rated on a numbers-based system by a team of analysts.

### Give.org

The website of the BBB Wise Giving Alliance produces reports about national charities.

### GuideStar

Easily compare charities and gain access to their financial information.

**Fidelity Charitable donors have access to GuideStar's premium subscription at no additional cost.*

### Giving Compass

A nonprofit organizing the world's information on charities and charitable giving to make it easier to give well.

# Disclosures

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