Wealth & Investment Management

# Charitable Giving Strategies

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# 01 Why do you give?

**01**
**Why do you give?**

02
To whom do you give?

03
What assets should you give?

04
When and how will you give?

05
Q&A

## What inspires you to give…

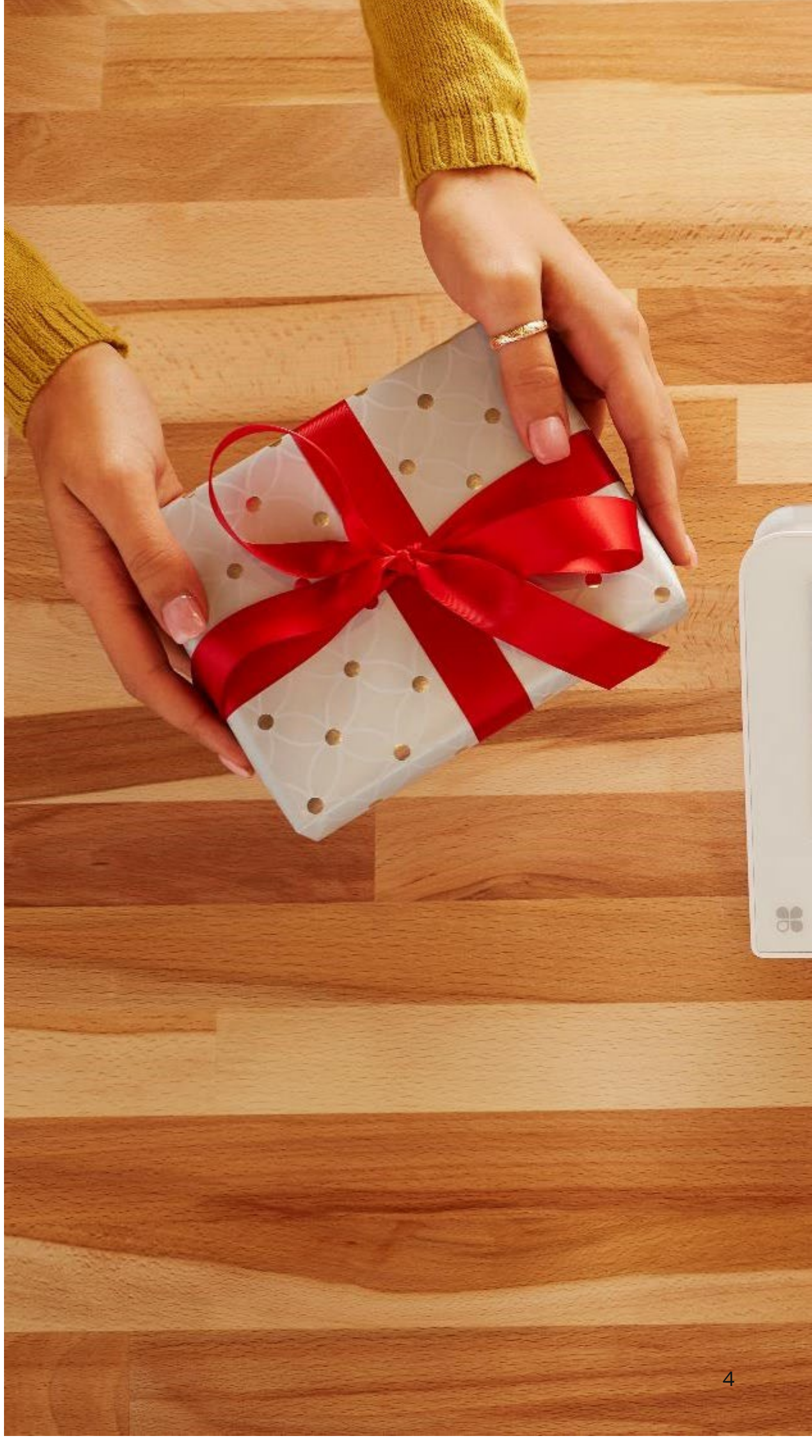
Just as we all have different motivations, we all tend to have a preferred style of action.

and when you see a need, how do you respond?

WHY DO YOU GIVE?

# What is your preferred style of giving?

- I write a check as soon as I hear of a need
- I plan to give through my estate
- I choose a cause and donate regularly
- My advocacy is as important as my donation
- I get involved by joining a committee or board
- I view my donation as an investment in a better future



# 02 To whom do you give?

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TO WHOM DO YOU GIVE?

# What are your philanthropic priorities?

- What are the 1-3 causes that are most important to you?
- Which charitable organizations are already doing work in these areas?
- What nonprofit organizations are you already supporting, and why?
- Which of your recent charitable gifts have given you the most satisfaction?
- How would you describe the impact of your charitable gifts over the past few years?




## How do I want to engage with my favorite causes/organizations?

- Financial assets
- Time
- Personal influence
- Skills and expertise
- Networks (personal and professional)

# 03 What assets should you give?

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# Asset types

- Cash
- Appreciated securities
- Illiquid assets

# Cash

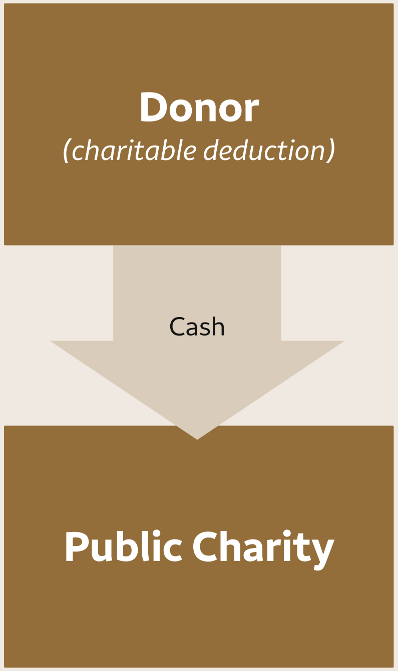
**Cash** can be a simple and quick way to benefit your favorite charity.

## Potential benefits and considerations

- Simple
- Benefits your favorite charity
- Deductible up to 60% of adjusted gross income (with a five-year carry-forward) for itemizers
- Other assets may be more tax-advantageous

## Who should consider it?

- Donors who itemize
- Donors who want to quickly benefit their favorite charity and get a higher charitable deduction




*Source: IRS Publication 526 (2022) and I.R.C. Section 170*

# Appreciated securities

Gifts of **appreciated securities** potentially allow a donor to obtain a charitable deduction AND avoid capital gains tax.

## Potential benefits and considerations

- Simple
- Benefit your favorite charity
- Deductible up to 30% of adjusted gross income (with a five-year carry-forward) for itemizers
- Avoid paying capital gains taxes you might have otherwise incurred
- Not all charities are able to accept securities

## Who should consider it?

- Donors who want to immediately benefit their favorite charity, obtain a charitable deduction AND save on capital gains taxes
- Donors who have a stock portfolio with appreciated positions

*Source: IRS Publication 526 (2022) and I.R.C. Section 170*

# Illiquid Assets

## Real Estate

Gifting **real estate** may allow a donor to avoid potentially large capital gains tax liability while benefitting their favorite charity with an asset they no longer need.

Potential benefits and considerations

- Avoid paying capital gains tax on highly appreciated real estate that you would otherwise sell
- Receive a charitable deduction for the appraised value of the property (with a five-year carry-forward)
- Usually larger than your annual gift, and a somewhat immediate benefit if charity can sell the property quickly
- Transfer fees may apply
- May require a lengthy due diligence process
- Could also be done with a Charitable Remainder Trust or Charitable Gift Annuity to get an income stream back

Who should consider it?

- Donors who have large capital gains on a property

## Tangible Personal Property

**Tangible personal property** may present complex tax issues that need to be carefully evaluated in order to maximize the gift and possible tax deduction.

Potential benefits and considerations

- Deductible up to 50% of adjusted gross income. In some cases, 20% and 30% limitations apply.
- If fair market value is less than cost basis, deduction is limited to fair market value.
- If the item donated is put to a use unrelated to the exempt purpose of the charity, then the charitable deduction is limited to the basis of the property – the amount paid, not fair market value.

Who should consider it?

- Donors who itemize

## Intellectual Property

**Intellectual property** includes patents, copyrights, trademarks, trade names, trade secrets, know-how, software.

Potential considerations

- Deduction is limited to the basis of the property or the fair market value of the property, whichever is smaller.
- Donation is accurately appraised by a qualified appraiser.
- You may be able to claim additional charitable contribution deductions in the year of the contribution and years following, based on the income, if any, from the donated property.

*Source: IRS Publication 526 (2022) and I.R.C. Section 170*

# 04 When and how will you give?

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# Three primary ways to give

WHEN AND HOW WILL YOU GIVE?

## Outright gifts (One-time donation)

**Pro**

- Immediate cash flow for the charity
- Potential income tax deduction

**Con**

- Loss of control
- No benefit to heirs
- Grantor must give subsequent donations

## Testamentary gift (Provision in wealth plan)

**Pro**

- Retain control/usage of asset during life
- Potential estate tax deduction

**Con**

- No impact during life
- Limited flexibility

## Structured lifetime giving (Ongoing contributions)

**Pro**

- Immediate and/or ongoing impact
- Potential income/estate tax deduction
- Control
- Benefit to donor/heirs

**Con**

- Gifts are irrevocable

# Beneficiary designations

Gifts made via **beneficiary designation** allow a donor to make a gift to charity while potentially getting more assets to loved ones.

### Potential benefits and considerations

- Simple
- Gifts an asset to charity that you may no longer need (e.g., life insurance policy, retirement account)
- Delayed benefit to charity but often ends up being significantly more than your annual gift would have been
- Gifting retirement assets to charity (rather than gifting in your trust or will) is potentially a more tax efficient way to structure your wealth plan
- Donor's family will not receive asset

### Who should consider it?

- Donors who are planning to gift to charity in some way in their wealth plan
- Donors who have life insurance policies or retirement accounts that would otherwise pass on to heirs

# 05 Q&A

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# Thank you

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