

**BASICS OF PLANNED
GIVING FOR
GENERALISTS**

**SESSION #2:
CURRENT GIFTS**
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INTRODUCTIONS

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TYPES OF CURRENT GIFTS

Cash
Donor Advised Funds
Stock
Qualified Charitable Distributions
Real Estate
Life Insurance
Tangible Personal Property

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CASH

- Checks
- Electronic Funds Transfer (EFT)
- Credit or Debit Cards
- PayPal, Venmo, Cash App, Etc.
- Donor Advised Funds

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GIFTS FROM DONOR ADVISED FUNDS

Be careful!


- Not a gift from the donor
 - Do not receipt the donor
 - Hard credit goes to the institution where the fund is held
 - Only soft credit to donor

Cannot be used to pay legally binding pledges**


***Outstanding IRS notice implies loosening regulation on this. Most charities are interpreting the notice to allow donors to pay pledges with a gift from a DAF, as long as they are not legally binding and the DAF administrator does not hear of it.*



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LETTER OF INTENT FOR A DONOR ADVISED FUND



DONOR INFORMATION

Name(s): _____

Address: _____

City: _____ State: _____ Zip: _____

Home Phone: _____ Cell Phone: _____ Work Phone: _____

Email: _____

GIFT ADMINISTRATION

I/We intend to recommend a grant from the _____, a donor advised fund, in the total amount of \$ _____.

I/We intend to recommend to designate this grant to: _____

I/We will request this commitment be fulfilled as follows: ☐ In full ☐ Monthly ☐ Quarterly ☐ Annually

I/We will request that _____ will fulfill this commitment beginning: ____/____/20____

I/We will request to renew this commitment annually. ☐ Yes ☐ No

I/We wish to make this grant anonymously. ☐ Yes ☐ No

I/We would like to be reminded of my/our commitment. ☐ Yes ☐ No

ADDITIONAL CONTACT INFORMATION

Advancement Officer Contact: _____

Financial/Legal Advisor Name (optional): _____

Financial/Legal Advisor Address: _____

City: _____ State: _____ Zip: _____

Work Phone: _____ Cell Phone: _____

Email: _____

I/We understand that grant recommendations are subject to the approval of _____.

This expression of intent is non-binding and does not create a legally enforceable obligation.

Signature(s): _____ Date: _____

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SECURITIES (GIFTS OF APPRECIATED STOCK)



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Gifts of Appreciated Stock

Tax Benefits

- Avoid capital gain tax
- Receive charitable deduction

Make sure donor transfers stock directly to charity – don't sell first!

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Gifts of Appreciated Stock

Assume a donor in the 24% tax bracket (which means they are subject to 15% capital gains tax) is considering a contribution of \$10,000 either in cash or in appreciated securities with a cost basis of \$2000 (\$8000 gain)

	Cash	Securities
Contribution	\$10,000	\$10,000
Income Taxes Saved (24%)	\$2,400	\$2,400
Capital Gains Taxes Saved (15%)	--	\$1,200
After-Tax Cost of Gift	\$7,600	\$6,400

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Gifts of Mutual Funds

Same tax benefits as securities

Note – mutual funds generally do not make good year-end gifts because the fund company requires that the shares be re-registered in the charity's name, which usually takes several weeks.



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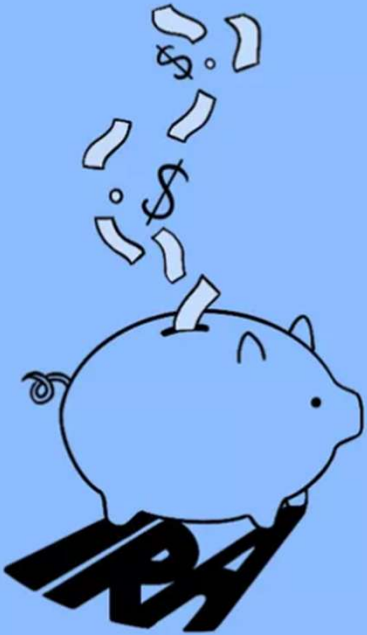
QUALIFIED CHARITABLE DISTRIBUTION


*Formerly known as a Charitable IRA Rollover

Rollover! Good IRA!



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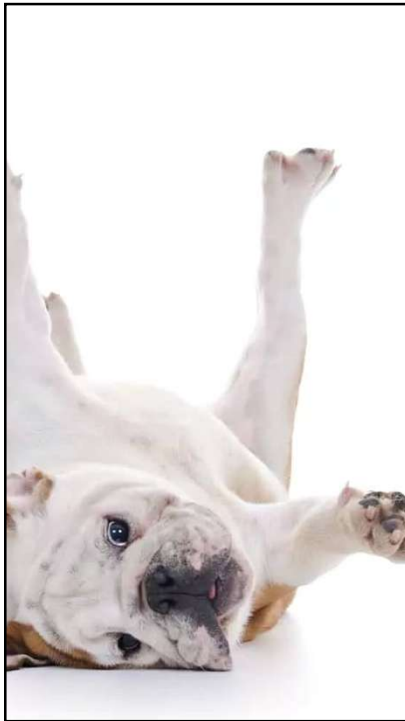


First... IRA Review

Individual Retirement Accounts allow you to make tax-deferred investments to provide financial security when you retire.

- Contributions are not subject to income tax
- At some point, the government wants their tax!
- Once you hit 73, you are required to take distributions (a Required Minimum Distribution, or RMD) and pay income tax on those distributions

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QCD

Donors may call this DCQ, RMD, DMR, etc... :)

Direct Distributions from an IRA for Charitable Purposes

- Donor must be 70 ½
- \$108,000 per taxpayer
- IRA account only
- Qualified charity only
 - Donor advised fund & supporting organizations do not qualify
- Counts toward Required Minimum Distribution (RMD)

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QCD

Who Stands to Benefit?

- Taxpayers who do not itemize (most!)
- Taxpayers subject to AGI limitations
- Taxpayers who want to make large gifts and don't have other assets to give

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GIFTS OF REAL ESTATE



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Gifts of Real Estate

Benefits of Donating Real Estate

- Potential for a large income tax deduction
- Donor bypasses capital gains tax due on the property
- Donor removes a large taxable asset from their estate

There are a variety of gift formats available for a donation of real estate, each offering unique planning benefits.

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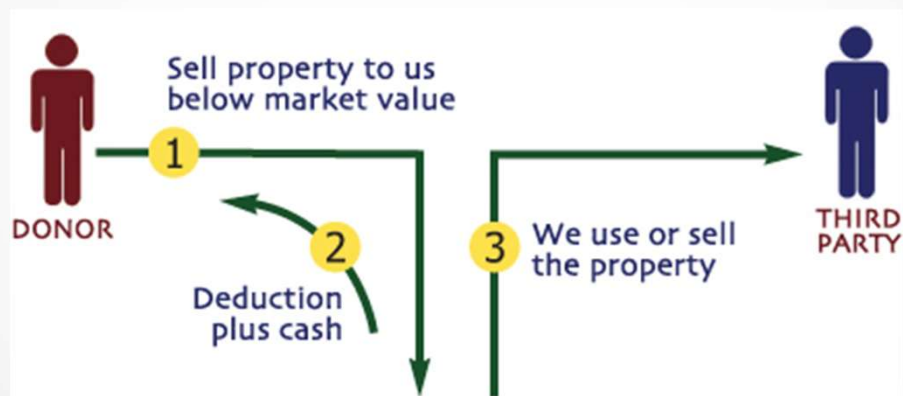
Gifts of Real Estate

Important Steps and Questions

- Does your charity accept gifts of real estate?
 - Important to have policies and procedures in place.
- Is there a mortgage?
 - Beware if yes!
- Appraisal
 - Who pays? Donor!
- Environmental Audit Phase I
 - Who pays? Charity!
- Environmental Audit Phase II (if needed)
 - Who pays? Donor!

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BARGAIN SALE



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Bargain Sale

Gift value is the fair market value *less* the sale price.
Donor still realizes capital gain on the sale.

Example:

- Donor transfers real property valued at \$100,000 to a charity for \$60,000. Donor has made a gift of \$40,000 and a sale of \$60,000.
- Assume property has cost basis of \$20,000. Since there is a 20% basis on the property, the sale of \$60,000 worth of property would be reduced by an allocated basis of \$12,000, leaving a net long-term capital gain of \$48,000.

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LIFE INSURANCE



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GENERAL DEDUCTIBILITY RULES



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Deductibility Rules

- 60% Rule
- 30% Rule
- Carryover Rule
- Other Rules of Note

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60% Rule (Cash)

- If you itemize your deductions
- You may deduct charitable contributions to qualified organizations
- Can only deduct up to 60% of your adjusted gross income (AGI)



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30 Rule (Appreciated Property)

- For long-term capital gain property (property held at least a year and a day), charitable deduction limit is 30% of AGI.
- Gifts of cash and appreciated property may be combined for charitable deductions, provided the total gifts do not exceed the 30% and 60% limits.
 - With combined gifts, cash is counted first and then the appreciated gift.



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NEW in 2026 – 0.5% Floor

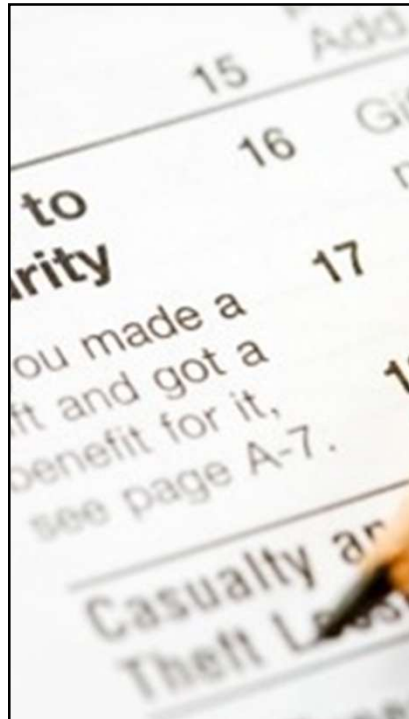
- Taxpayers must exceed a minimum threshold of 0.5% of AGI before any charitable deductions are allowed.
- In effect, the first 0.5% of AGI in charitable giving won't be deductible.
- EX: If your AGI is \$500,000, the first \$2,500 of giving wouldn't be deductible



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5 Year Carryover

- You can carry over any contributions you cannot deduct in the current year because they exceed your AGI limits.
- You may be able to deduct the excess in each of the next 5 years until it is used up, but not beyond that time.
- 60% / 30% Rule applies each year.



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EXAMPLES



Assume that donor has \$100,000 of AGI. Donor makes the following gifts:

- Donor gives \$60,000 of cash. The full \$60,000 is deductible this year.
- Donor gives \$70,000 of cash. Since the 60% limit ($60\% \times \$100,000$) is \$60,000, the donor deducts \$60,000 and carries forward \$10,000.
- Donor gives \$10,000 of cash and \$30,000 of appreciated long-term capital gain stock. The donor deducts first the \$10,000 cash and then the \$30,000 of stock.
- Donor gives \$40,000 of cash and \$30,000 of stock. The donor first deducts \$40,000 of cash and then \$20,000 of stock. Since the donor has now reached her 60% limit (\$60,000), the additional \$10,000 stock gift is carried forward and may be deducted in any of the next five years. The deduction of course will be permitted only if the donor has not reached the 30% limit with her current gifts in that future year.
- Donor gives \$10,000 of cash and \$100,000 of appreciated stock. The donor deducts first the \$10,000 of cash and then \$30,000 of stock. The donor carries forward \$70,000 of stock as an appreciated property type of gift. While the \$40,000 deduction for that year was less than the 60% limit, the donor had reached the 30% limit for the stock gift and thus had to carry forward the \$70,000.

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Deducting Gifts of Tangible Personal Property



- If related to charity's exempt purpose, deduction is fair market value.
- If such a gift is sold by charity within three years, deduction is limited to cost basis.
- If gift is not related to charity's tax exempt purpose, then deduction is limited to cost basis.

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Short Term Capital Gain

- If capital asset has not been held for the long-term period of one year and one day, then it is termed “short term” capital gain property.
- This becomes a cost basis deduction, and as such is a 60% type gift.



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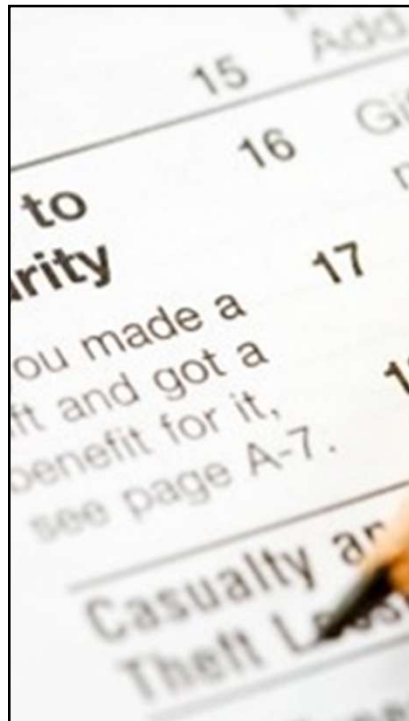
Qualified Appraisal Requirements

With several exceptions, gifts of property over \$5,000 in value (\$10,000 for closely-held stock) will require a qualified appraisal or the charitable deduction may be denied.

*An exception is stock traded on a public exchange.



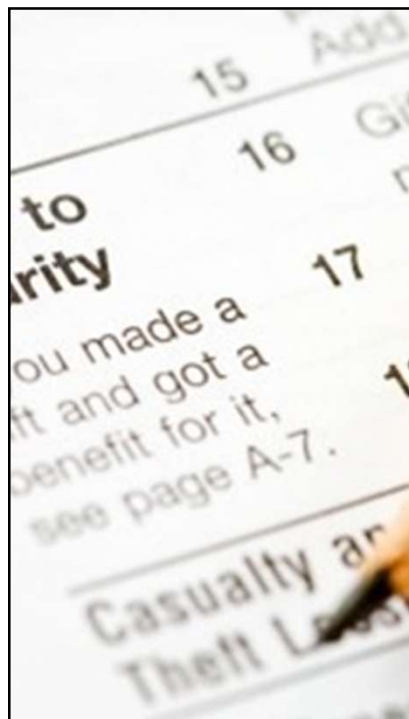
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Qualified Appraisal Requirements (Cont...)

- Both appraiser and charitable donor must sign Form 8283.
- The appraisal must be made no more than 60 days prior to the gift and not later than the date the return is due (with extensions).
- Form 8283 must be properly filled out, and there are specific requirements for the appraiser.

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Qualified Appraisal Requirements (Cont...)

- For gifts of art valued at over \$20,000, or if the noncash gift exceeds \$500,000, the appraisal must be appended to the return.
- If a donor gives personal property "not in good used condition" valued at over \$500, an appraisal must also be appended to the tax return.
- For gifts of property over \$5,000 in value (\$10,000 for closely held stock) the signer of Form 8283 must file Form 8282 if there is a disposition of the property within three years of the date of the gift.

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QUESTIONS?

Reach out anytime!

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The Basics of Planned Giving for Generalists

Next Meeting

WEDNESDAY OCT. 22nd

Bequests, Substitutes, and Probate

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