



Strategies for tax-smart charitable giving this year

November 1, 2024: Trevecca Nazarene University

DAFgiving360™ is the name used for the combined programs and services of Donor Advised Charitable Giving, Inc., an independent nonprofit organization which has entered into service agreements with certain subsidiaries of The Charles Schwab Corporation. DAFgiving360 is a tax-exempt public charity as described in Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code.



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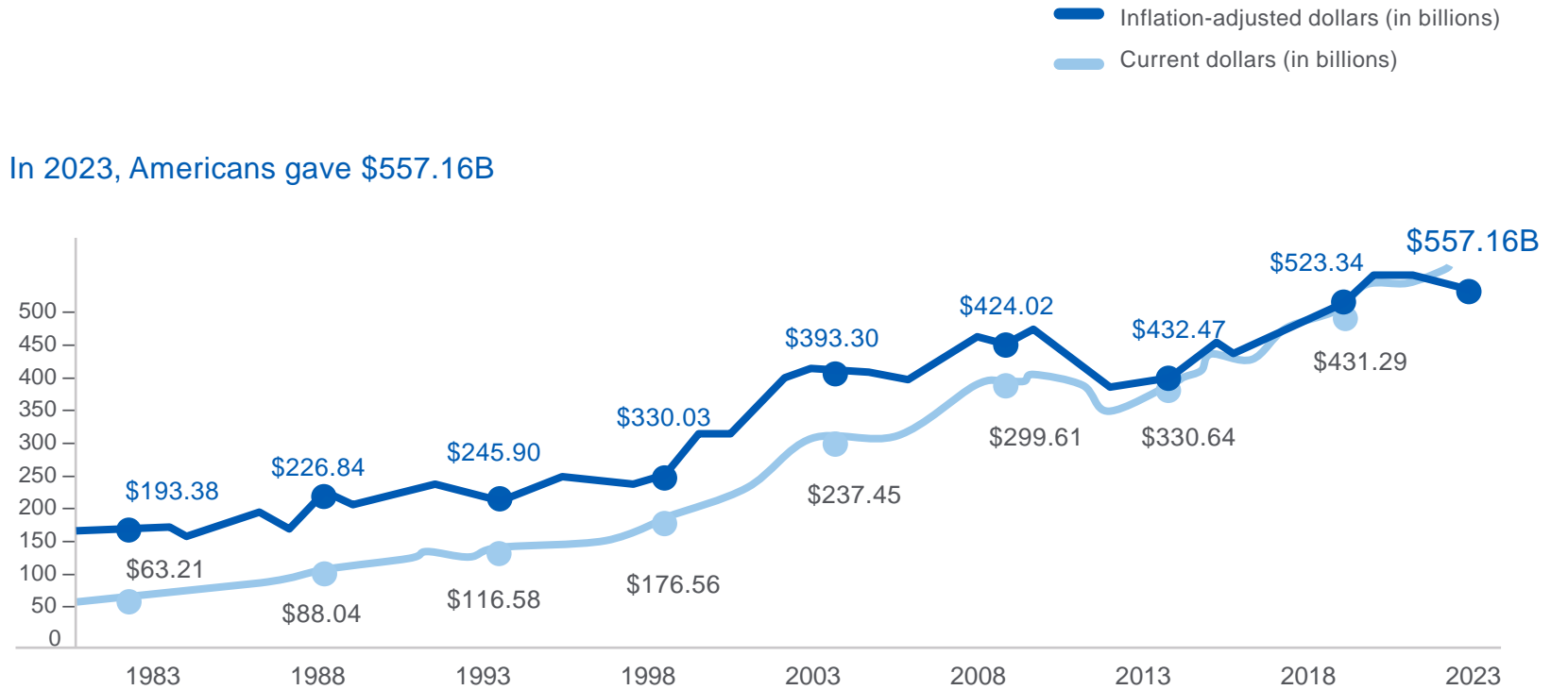
Charitable trends

1

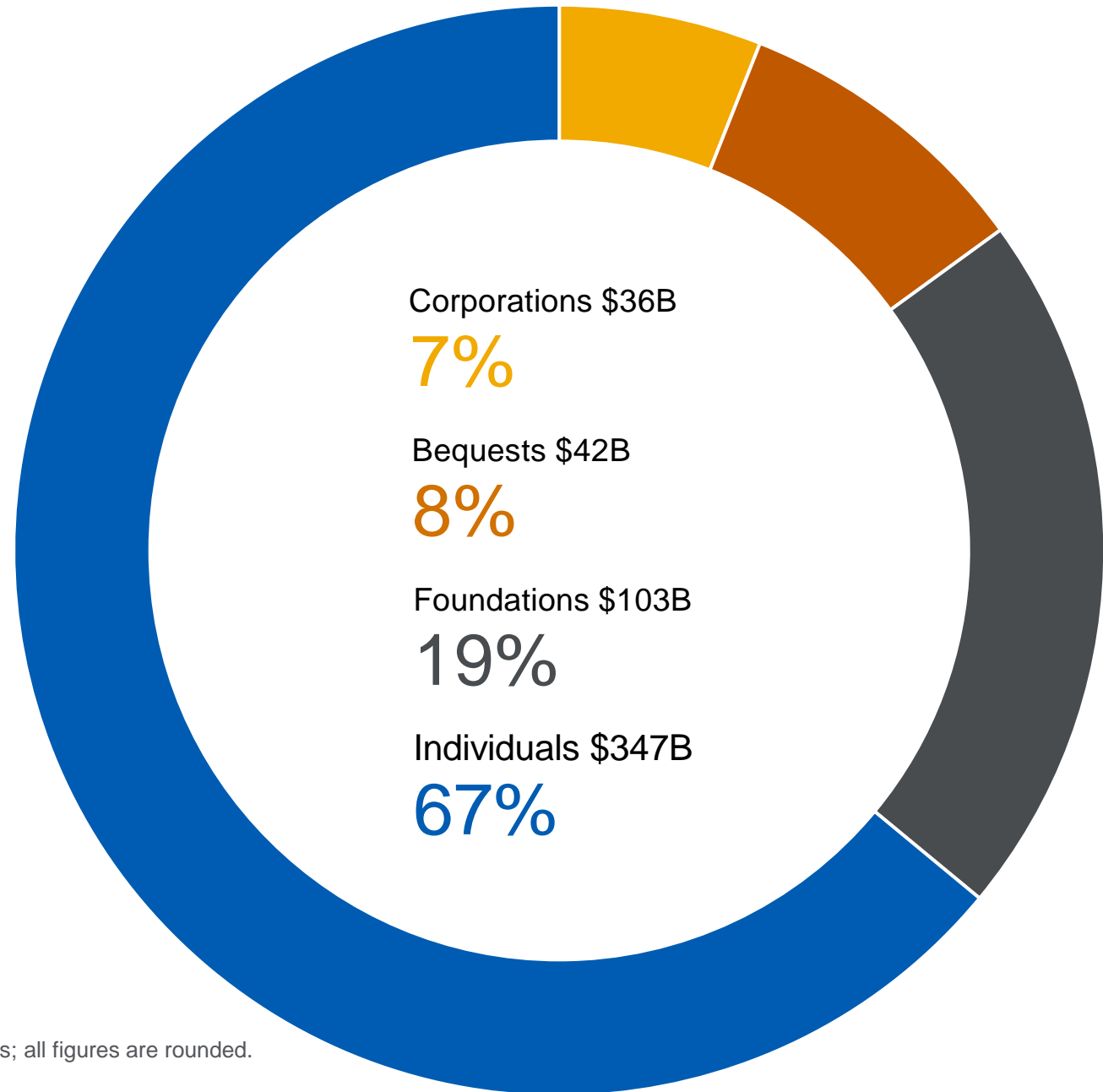


Charitable giving remains strong in the U.S.

In 2023, Americans gave \$557.16B



Individuals
represent more
than **two-thirds** of
all charitable
giving in the
United States



Source: Giving USA Foundation, Giving USA 2024. Data points in billions; all figures are rounded.
National Philanthropic Trust, [The 2023 DAF Report](#).

About DAFgiving360

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What is DAFgiving360™?

DAFgiving360 is an independent 501(c)(3) public charity with a mission to increase charitable giving in the U.S. DAFgiving360 does this by providing a tax-smart and simple giving solution of a donor-advised fund (DAF) account to donors and financial advisors.



Donor-advised funds benefit both donors and charities



Donors

- Minimizes taxes
- Maintain investment diversification/
reduce concentration
- Donate illiquid assets for
charitable benefit



Charities

- Unlock appreciated investments
and assets for charitable good
- Minimize complexity and cost
of accepting and processing
complex assets

Market fluctuations may cause the value of investment fund shares held in a donor-advised fund (DAF) account to be worth more or less than the value of the original contribution to the funds.

DAFgiving360 does not provide legal or tax advice. Please consult a qualified legal or tax advisor where such advice is necessary or appropriate.

A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. Consult your tax advisor for more information.

Key benefits of a donor-advised fund



Tax-smart

Helps donors maximize the tax benefits of giving.



Flexible

Receive a tax deduction this year and grant assets over time.



Convenient

More affordable than other more complex giving vehicles, with less paperwork.

DAFgiving360 helped donors make a difference in fiscal year 2024



\$6.6b grants

141k charities



Our donors' generosity continues to make a difference locally, nationally, and around the world.

How much have
DAFgiving360 donors
given through grants
since our inception in 1999?

**\$35.7
billion**

**255,861
charities**

Source: DAFgiving360, September 1999 – June 2024



The current giving
environment

3

Current giving environment

Charitable deduction limits are unchanged from 2023

Standard deduction amounts increased from 2023

Non-cash asset donations unlock additional funds for charity

IRA qualified charitable distribution limit increased from 2023



An unusual income year can mean opportunities to reduce taxes by using the charitable deduction



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Tax-smart strategies for maximizing charitable giving impact in 2024

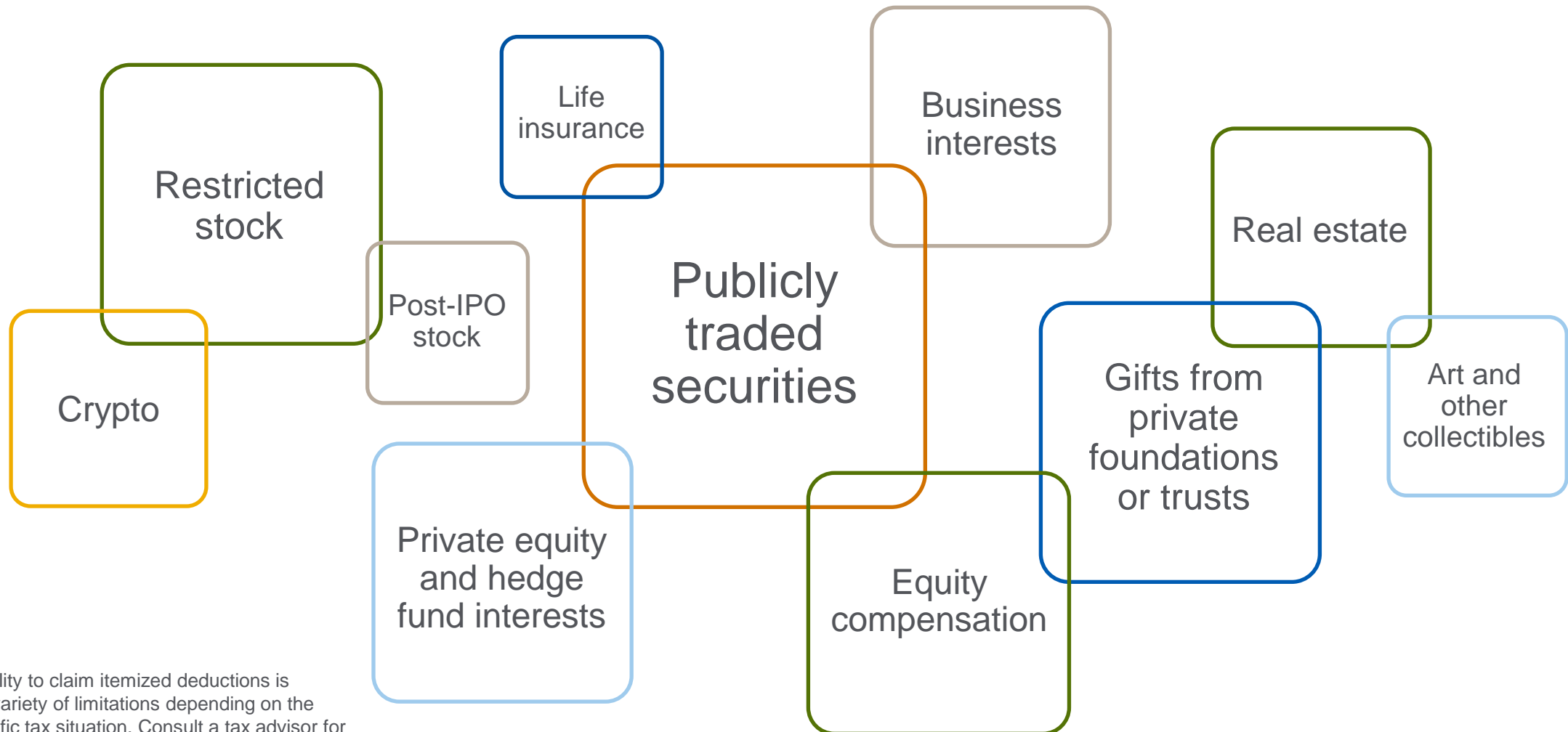
Read more about the tax strategies [on our website](#).

1

Donate appreciated non-cash assets instead of cash

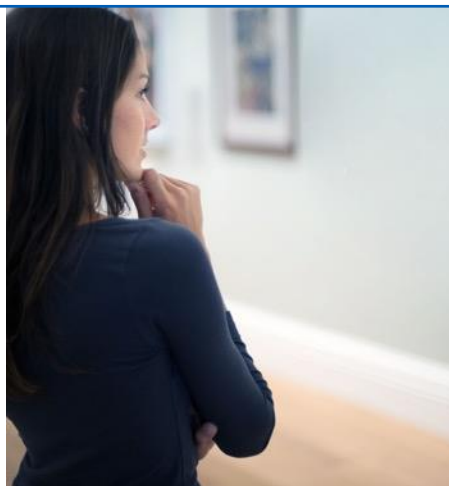


What kinds of appreciated assets make good charitable gifts?



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Donating appreciated non-cash assets and investments can help reduce taxes



Contributions of certain real estate, private equity, or other illiquid assets may be accepted via a charitable intermediary, with proceeds transferred to a donor-advised fund (DAF) account upon liquidation. Call DAFgiving360 for more information at 800-746-6216.

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Tax benefits



Potentially eliminate capital gains tax, allowing donors to give up to 20% more to charity.



Generally, claim a fair market value charitable deduction of up to 30% of adjusted gross income on contributions of long-term appreciated non-cash assets. Excess can be carried forward five years.



Any assets contributed to a donor-advised fund may be excluded from the donor's federal taxable estate.

Carla gives highly appreciated stock while reducing an oversized position in her investment portfolio and minimizing her taxes

Original cost (cost basis) of XYZ stock: \$5,000
Federal long-term capital gains tax rate: 15%

>

Fair market value of XYZ stock:
\$50,000

	Option 1: Sell XYZ stock then donate the after-tax net proceeds	Option 2: Contribute XYZ stock directly to DAFgiving360	
Long-term capital gains taxes paid	\$6,750	\$0	
Charitable contribution and tax deduction	\$43,250	\$50,000	Additional amount to grant to charities: \$6,750
Tax savings	\$3,630	\$12,000	Additional amount saved on taxes: \$8,370

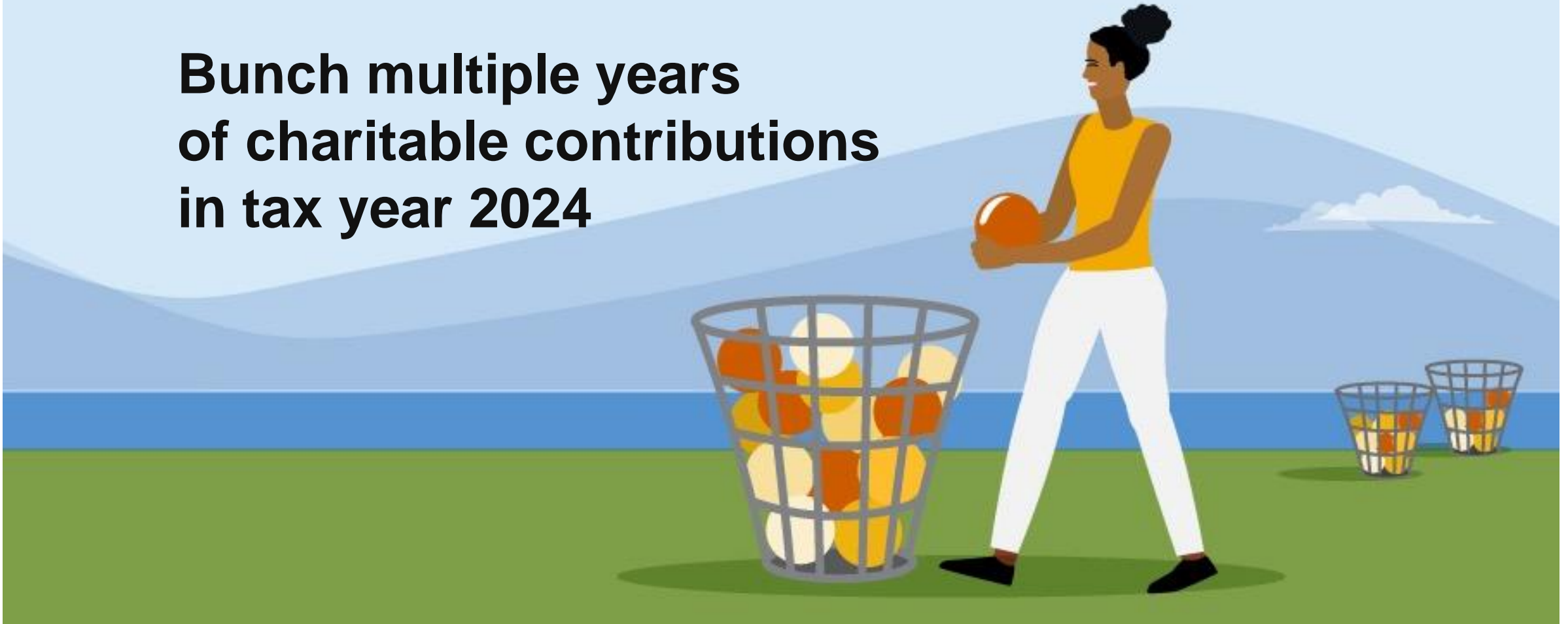


This hypothetical example is for illustrative purposes only. The example does not take into account any state or local taxes or the Medicare net investment income surtax. The tax savings shown is the tax deduction, multiplied by the donor's income tax rate (24% in this example), minus the long-term capital gains taxes paid.

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2

Bunch multiple years of charitable contributions in tax year 2024



Case study: Ava and Steve bunch two years of charitable contributions into one tax year



	Option 1: Take the standard deduction		Option 2: Tax -smart approach: bunch giving	
Tax year	2023	2024	2023	2024
Charitable deductions	\$10,000	\$10,000	\$20,000	\$0
Other deductions	\$13,000	\$13,000	\$13,000	\$13,000
Total	\$23,000	\$23,000	\$33,000	\$13,000
Standard or itemized deductions	Standard deduction	Standard deduction	Itemized deduction	Standard deduction
Deduction amount	\$27,700	\$29,200	\$33,000	\$29,200
Total two-year deduction	\$56,900		\$62,200	

This hypothetical example is for illustrative purposes only. Standard deduction amounts are for married filing jointly status.

A donor's ability to claim itemized deductions is subject to a variety of limitations depending on the donor's specific tax situation. Consult a tax advisor for more information.

That's \$5,300 of additional tax deductions over two years.

3

Start contributing to charity with a non-taxable Qualified Charitable Distribution (QCD) at age 70 ½



Rules of the road to consider with a qualified charitable distribution (QCD)

- ▶ Donate asset directly from your IRA
 - ▶ Taxable income does not have to be realized
 - ▶ Helps meet your required minimum distributions (RMD)

1 Who is eligible? For those age 70½ or older, RMD age does not impact this	2 What accounts are eligible? Only IRA accounts can do this, not employer plans	3 What is the maximum annual amount? Can give up to \$105,000 directly to operating charities tax-free	4 What are the tax implications? No tax deduction for donation but lower income taxes
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This hypothetical example is for illustrative purposes only. The maximum annual amount that can qualify for a QCD is \$105,000. Operating charities, or qualifying public charities, are defined by Internal Revenue Code section 170(b)(1)(A). Donor-advised funds, supporting organizations, and private foundations are not considered qualifying public charities. Operating charities exclude donor-advised funds and private foundations.

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Bob makes gifts directly from his IRA to satisfy his required minimum distribution (RMD) and lower his taxable income

Value of IRA: \$1,050,000 Projected RMD: \$42,683 Ordinary income: \$80,000	Option 1: Take RMD income and donate cash	Option 2: Take tax-smart approach – make a QCD and satisfy RMD	
Bob's adjusted gross income	\$122,683	\$80,000	
Bob's charitable gift	\$42,683 (cash)	\$42,683 (QCD)	
Itemized or standard deduction	\$42,683 itemized deduction	\$16,550* standard deduction	
Bob's estimated federal taxable income	\$80,000	\$63,450	A QCD lowers Bob's taxable income by \$16,550



*Bob takes the standard deduction of \$14,600 for 2024, plus an additional standard deduction of \$1,950 because Bob is over 65 and has a single filing status.

This hypothetical example is only for illustrative purposes. Both examples assume no Social Security income and that the charitable gift is to an operating charity.


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4

**Offset the tax liability
on converting a
retirement account
to a Roth IRA**



Olivia offsets income taxes from converting a traditional IRA to a Roth IRA

<div>Current balance of traditional IRA: \$350,000</div> <div>2024 marginal income tax bracket: 37% Federal income tax on withdrawal: \$129,500</div>		
\$350,000 converted to Roth IRA	\$350,000 donation of XYZ stock	
<div>\$129,500 Ordinary income tax (assumes all conversion income taxed in 37% bracket)</div>	<div>\$350k deduction X 37% income tax bracket = \$129,500 potential tax savings</div>	<div>Stock gift potentially offsets increased income tax</div>

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5

Give private business interests



Chloe contributes private company shares

Original cost (cost basis) of XYZ stock:
\$50,000
Federal long-term capital gains tax rate: 20%


> Fair market value of XYZ stock:
\$1,000,000

	Option 1: Sell XYZ stock then donate the after-tax net proceeds	Option 2: Contribute XYZ stock directly to DAFgiving360	
Long-term capital gains taxes paid	\$190,000	\$0	
Charitable contribution and tax deduction	\$810,000	\$1,000,000	vs > Additional amount to grant to charities: \$190,000
Tax savings	\$109,700	\$370,000	> Additional amount saved on taxes: \$260,300



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Considerations for gifts of private business interests

1

Transferability

Identify entity type,
understand nature
of transfer restrictions

2

Exit strategy

Understand details
and timeline for exit

3

Valuation

Understand the
qualified appraisal
requirement

4

Risk Management

Avoid pre-arranged
sales, UBTI, excess
benefit transactions

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What you can do next

1

Understand giving
vehicle options

2

Utilize the
best assets

3

Consider timing

4

Create a giving
strategy

5

Engage your
tax advisor

Giving resources

5



Questions?

For clients interested in opening an account or learning more about DAFgiving360, contact [Business Development](#):

Call 855-966-3764
or [Email](#)

Ongoing relationship management

Contact your [Charitable Consultant](#) for support with clients who currently have a donor-advised fund account on charitable giving topics such as:

- Comparing charitable giving vehicles
- Creating a charitable legacy
- Tax smart giving strategies

For questions about the ongoing maintenance of a donor-advised fund account, contact [Donor Services](#):

Call 800-746-6216
or [email](#)

Contact the [Charitable Strategies Group](#) to inquire about contributions of complex, non-cash assets: [email](#)

Thank you!



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