

# Giving Strategies to Consider

Nine ways to make your charitable planned giving as effective as possible



**IRAs:** With just a signature on a simple form your IRA can create your tax-free legacy.

If you are age 73 or older, you are required to take annual required minimum distributions (RMD) from your IRA. Part of this distribution is taxable income (at your income tax rate). There is zero tax, however, if you gift the RMD directly to Collaboratory by way of Qualified Charitable Distribution (QCD). With a QCD, the income you would otherwise have to include on your tax return is now fully excluded. If you want, you can even donate more than your annual RMD – up to 105,000 individual / 210,000 per couples filing jointly

**Bonus Strategy:** Giving your IRA to your heirs can cause income tax consequences for them. If you're planning to give to a charity through your estate plan, give your IRA, 401(k), or 403(b) to Collaboratory and give cash to your heirs. The retirement plan assets will pass tax-free to Collaboratory and the cash bequest to your heirs will also be income tax free.



**Appreciated Stock:** Giving stock is almost always more beneficial than giving cash.

With a gift of appreciated securities you can make a significant gift that is tax deductible and incurs no capital gains tax. Be sure to donate directly to Marion Community. (do not sell it first or you will lose the benefit)



**CGA:** Make a deductible charitable gift and receive guaranteed payments for life.

A charitable gift annuity (CGA) pays you lifetime income in return for your donation. This can actually increase your income as these types of annuities typically pay much more than other fixed income investments like certificates of deposit. And, you can get a significant tax deduction.

The annuity can be joint with another person so it doesn't pay to Collaboratory until the last person dies. AND, you can use stock to fund a CGA.



**CRATs, CRUTs & CLTs:** Make a charitable gift; receive lifetime income that may increase, defer or eliminate tax; and, possibly reduce or avoid gift and estate tax on trust assets.

Charitable Remainder Annuity Trusts (CRAT) or UniTrusts (CRUT) allows you to get lifetime income and Collaboratory gets the remainder. In a Charitable Lead Trust (CLT), Collaboratory gets the lifetime income and your beneficiaries get the remainder. These are much more flexible and have more options than a CGA, but these are going to require an attorney and a trustee and are typically more beneficial for people with significant wealth. These can work when someone wants to sell a business they have owned for years.



**DAFs:** Need a current year tax deduction, but not ready to pick the charities you want to benefit?

Create a Donor Advised Fund at Collaboratory. A Donor Advised Fund (DAF) lets you get an immediate tax deductible, but lets you retain the privilege to advise gifts to various charities of your choice from this fund at any time you want.

Want your gift to be a permanent legacy?  
Endow your DAF to last forever.

**Caveat:** Federal law prohibits contributing IRA RMD to a DAF. A DAF can satisfy a non-binding pledge to a charity, but you cannot claim an additional tax deduction.



**Bunching:** A great way to enhance your charitable deduction and take advantage of the current tax law that significantly increased the standard deduction

Paying multiple-year expenses, particularly charitable gifts, by “bunching” them into one year can provide added tax benefits, especially after the latest tax law changes. Combine this strategy with a charitable DAF and you really have a winning plan!



**Planned Giving:** Plan now – give later.

Endowment funds are about leaving a legacy. Including Collaboratory as a beneficiary in your wills or trust is a perfect way to ensure that legacy – and it costs you nothing during your lifetime!

You can jumpstart the process with lifetime gifts to build your fund. You can also make “pass through” contributions to your fund, which can be used to make lifetime grants or scholarships before your endowment is fully funded.



## **POD/TOD:** Planned giving made really simple!

Payable on Death (POD) or Transferable on Death (TOD) are extremely simple ways to designate Collaboratory as a beneficiary without having to necessarily change your will or trust. These simple tools cost you nothing during lifetime and can be done by completing a simple form.

Just like planned giving, you can name a fund to accept the funds to fulfill your specific charitable purposes. You don't have to give the full amount in your account, you can designate a percentage with the remaining to your heirs.



## **Diamonds Last Forever:** Perpetuate your annual giving to your favorite charities

Diamonds last forever, but unfortunately you won't; and neither will your faithful gifts to your favorite charities if you don't plan ahead. You can leave a lasting legacy in your community and let your favorite charities rely on your continuous gifts to help them with their important missions.

You have many, many gift options to choose from: will, trust, POD, TOD, CGA, CRT, CLT, Life Insurance, Retirement Plans, etc. It is always best to consult with your attorney and/or financial advisor to strategize the best plan for your unique situation.

*This document does not constitute legal, investment, or tax advice. The examples provided are based on assumptions and may include information that is generalized or no longer current. You should consult with your own financial advisors to develop strategies tailored to your specific circumstances.*