

Gifts to Charities

Gifts of Appreciated Securities:

Making charitable contributions using long-term, appreciated stocks or mutual funds continues to be an effective way to support charities as they do not pay capital gains tax. This is a very tax-efficient way for you to reduce or eliminate holdings with low cost basis while receiving an immediate tax deduction equal to the fair market value on the date of the gift.

Charitably Inclined and over age 70^{1/2}:

If you are 70^{1/2} or older, using your IRA to fund your charitable contributions is another extremely tax-efficient approach. You may satisfy your annual Required Minimum Distribution (RMD), up to \$100,000, through the use of QCDs to qualified charities. Any QCD reduces your Required Minimum Distribution and is excluded from your gross income. It is also excluded from your charitable deductions for tax purposes.

Donor Advised Funds:

For those of you who make charitable contributions of a few thousand dollars or more a year, you might want to consider making these gifts through a Donor Advised Fund (DAF). A DAF is a separate account set up in your name that receives your gift of cash or appreciated securities. You receive a tax deduction equal to the fair market value on the date of the gift. When you make a gift of appreciated securities to your DAF, you also avoid triggering any capital gains. Once the funds are in your DAF, you control when and how much you wish to gift to your selected charities. Donor Advised Funds have become increasingly popular because they offer a very effective way to manage your charitable giving in a highly tax-efficient matter.