NOTE: the following copy has been developed to share with your donors or modify it to fit into newsletters or blog posts. It is adapted from information supplied to donors from the Cumberland Community Foundation, Inc., Fayetteville, NC https://www.cumberlandcf.org/

Welcome to summer!

I __________have put together six tips to keep in mind as you plan your charitable giving for the coming months, years, and even decades. As always__________ am happy to participate with you or your prospect to offer insight into the advantage of charitable gift planning.

1. Donate appreciated stock to your fund your gift.

Yes, yes, individuals absolutely understand how easy it is to write a check when you want to boost your gifting. But, if you can remember to pause before you pull out your pen, it really does pay off to consider whether gifts of appreciated stock, mutual funds and other appreciated assets would be a better way to add to your charitable giving.

When you give shares of long-term appreciated stock and other assets, you can be eligible for a charitable income tax deduction at the fair market value of the shares. Then, when ________ sells the shares and adds the proceeds to the project or program you wish to support the stock gifted is not hit with any capital gains tax. By contrast, if you were to sell those shares and give cash to ______ from the proceeds, you would be liable to report the gain on your income taxes and have much less cash to work with after the capital gains tax payment. Please reach out to ____________ anytime to learn more about how easy it is to take advantage of this tax-savvy giving technique.

2. Plan ahead for your business exit.

If you own all or part of a private business, keep in mind that charitable giving can factor into your eventual exit strategy. You could be sitting on substantial unrealized capital gains if the business has grown substantially over time. Upon a sale, capital gains tax will be triggered, reducing the proceeds you get to keep. No capital gains tax will apply, however, to the sale of the portion of the business owned by a charity. Plus, you can be eligible for a charitable income tax deduction in the year of the transfer based on the fair market value appraisal of the shares owned. Keep in mind that a strategy like this only works with careful advanced planning, so be sure to contact our charity team well in advance of setting a plan in motion. We are happy to work with you and your advisors to help achieve your personal, charitable and financial goals.

3. Start paying attention now to the estate tax exemption sunset.

The estate tax exemption or the total amount a taxpayer can leave to family and other individuals during their life and at death before the hefty federal gift and estate tax kicks in, is scheduled to drop, rather precipitously after December 25, 2025.

For 2024, the estate tax exemption is $13.61 million per individual, or $27.22 million per married couple, an increase over 2023 thanks to adjustments for inflation. Later this year, the IRS will issue inflation adjustments for 2025.

For 2026, without legislation to prevent it, the exemption is scheduled to fall back to 2017 levels, adjusted for inflation, which would roughly total $7 million per person. That is quite a drop! This means many more people, maybe including you, could be subject to estate tax in the not-too-distant future. The team at ________________ is happy to work with you and your advisors to explore how charitable giving techniques can help you avoid estate tax and leave a legacy for the _____________, especially if you start planning now.

4. If you can take advantage of the QCD, do it.

A Qualified Charitable Distribution ("QCD") is a very smart way to support charitable causes. If you are over the age of 70½, you can direct up to $105,000 from your IRA to certain qualified charities such as __________. If you're subject to the rules for Required Minimum Distributions (RMDs), a QCD gift/transfer counts toward your RMD requirement. Through a QCD, you avoid income tax on the funds distributed to ________. Our team can work with you and your advisors to go over the rules for QCDs and evaluate whether a QCD is a good fit for you.

You can also make a **one-time** QCD to establish a life income agreement such as a gift annuity or charitable remainder trust up to $53,000 to benefit you or your spouse.

5. Review your IRA beneficiary designations.

As you review your assets and how they are titled, perhaps in connection with an annual financial and estate plan review, pay close attention to tax-deferred retirement plans such as 401(k), 403b and IRAs. Typically, you'll name your spouse as the primary beneficiary of these accounts to provide income following your death or to comply with legal requirements. But as you and your advisors evaluate whom to name as a secondary beneficiary of these tax-deferred accounts, don't automatically default to naming your children or your revocable trust. You and your advisors may determine that naming a charity, such as ______________, is by far the most tax-efficient upon your death and establish a philanthropic legacy. A bequest like this avoids not only estate tax, but also income tax on the retirement plan distributions. That's why non-retirement fund assets may be better suited to pass to children and grandchildren.

Embrace a holistic approach to philanthropy.

When you work with our charitable gift team giving is easy, flexible, and rewarding. We'd also be honored to work with you and your advisors to structure a gift to the ____________ in your will and estate plans to support favorite programs or projects beyond your lifetime. We are here to help you make the most of your philanthropic intentions, and it is an honor to work together.

Call ___________________________ for more information.

ABOUT JAMES E. CONNELL

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