

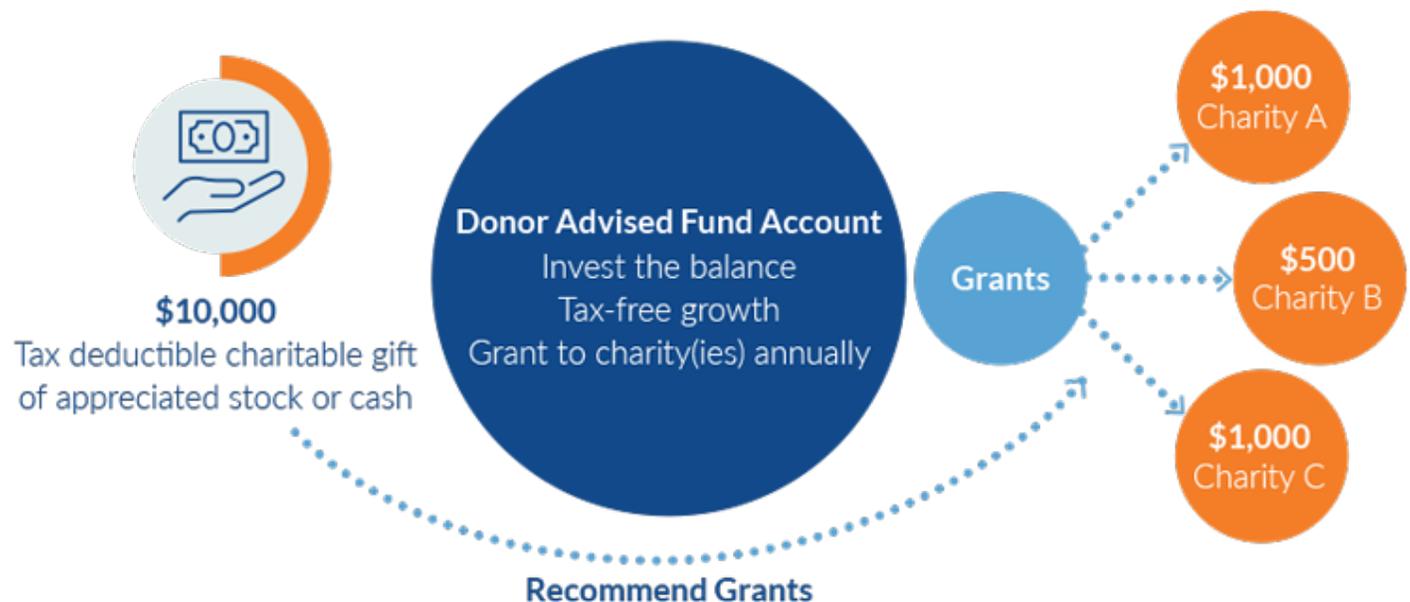
A savvy approach to charitable giving

In preparation for tax time, many of our clients look for opportunities to maximize their charitable contributions, especially in a “windfall” year. One way to do this is with a Donor Advised Fund, which allows donors to make a charitable contribution, receive an immediate tax benefit and then recommend grants to charities over time.

Our clients often make their charitable contributions is by donating to a donor advised fund. Think of this as an easier and less costly alternative to a charitable family foundation.

How a donor advised fund (DAF) works

- You donate either cash or appreciated stock to the donor-advised fund and receive the allowable charitable tax deduction.
- You, with the support of your advisor, control the investments in the donor-advised fund.
- Your investments in the donor advised fund grow tax free.
- You control your donor advised fund account during your lifetime, with named successors to carry on your legacy.
- You recommend which charities you want to provide a grant to.
- You control how much you want to grant out to the charity or charities each year (usually at least 5% of the principal each year).



Additional tax implications

1. **Give appreciated stock** The full value goes to the donor-advised fund. The Fund does not have to pay capital gains on the appreciated stock.
2. **Give more in a windfall year** You can maximize your deduction and then give to charity over

time.

3. **Receive only one charitable deduction notice** on the contribution even though the grants are going to multiple charities.

Next steps

The concept is simple and the approach is savvy. That said, this type of donation should be integrated into your overall charitable giving strategy. Discuss this with your wealth advisor to see how best to maximize the benefit of the donation as well as the long term impact on your financial plan.

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https://givingusa.org/wp-content/uploads/2022/06/GivingUSA2022_Infographic.pdf

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