

Tax Advantages for Philanthropy

Tax-Smart Strategies for Giving and Legacy Planning



David B. Moore
Associate Vice President, Legacy Planning
Chapman University
(714) 516-4590
dmoore@chapman.edu
chapman.edu/legacy

Updated 10/06/2026

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2026 Federal Tax Brackets

Current federal rates for tax year 2026

Rate	Taxable Income Single	Married Filing Jointly
10%	\$0 to \$12,400	\$0 to \$24,800
12%	\$12,401 to \$50,400	\$24,801 to \$100,800
22%	\$50,401 to \$105,700	\$100,801 to \$211,400
24%	\$105,701 to \$201,755	\$211,401 to \$403,550
32%	\$201,776 to \$256,225	\$403,551 to \$512,450
35%	\$256,226 to \$640,600	\$512,451 to \$768,700
37%	\$640,600 or more	\$768,700 or more

Standard deductions: \$16,100 for single filers, \$32,200 for married couples filing jointly, and \$24,150 for heads of household.



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Taxes

Estate and Gift Tax in 2026*

- Estate Exemption: \$15,000,000 per person
- Estate Tax Maximum Rate: 40%
- Gift Tax Annual Exclusion: \$19,000
 - *The gift tax refers to your gifts to individuals, not charity.*
 - *Gifts more than the exclusion amount are to be recorded on IRS Form 709.*
- **Long Term Capital Gains and Qualified Dividends**
 - Can be 0%, 15%, or 20% applicable rate, depending on taxable income and filing status.

Additional Taxes

- 3.8% net investment income tax for certain higher-income taxpayers.
- Medicare: find your cost at www.medicare.gov
- California's top tax rate is currently 13.3% (includes an extra 1%) for a taxable income above \$1,000,000, and there may be additional taxation to consider.

* Consult with a qualified tax advisor for further explanation and to determine how this affects your unique financial situation.



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SECURE Acts

- **Setting Every Community Up for Retirement Enhancement (SECURE & SECURE 2.0) Acts***

Effective as of Jan. 1, 2020, and Jan. 1, 2023.

- The IRA required minimum distribution (RMD) increased to age 73 in 2022.
 - RMD is scheduled to rise to age 75 beginning in 2033.
- Eliminated the stretch IRA.
 - An Inherited IRA, in most cases, must fully distribute within 10 years.
- Created the option of IRA rollover to Charitable Gift Annuity.
 - One-time lifetime election distribution of up to \$55,000 from IRA. This amount is indexed to inflation, so it changes annually.
 - The \$55,000 is part of the \$111,000 QCD limit per eligible IRA owner.
 - Can fulfill your RMD.
 - Provides a lifetime income stream.

* Please reach out to a qualified tax advisor for further explanation and to determine how this affects your unique financial situation.



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What Changed in 2026

1. Non-itemizer charitable deduction
 - Up to \$1,000 for single filers.
 - Up to \$2,000 for married couples filing jointly.
 - Cash gifts only.
 - Does not apply to gifts to donor-advised funds or private foundations.
2. New 0.5% floor for itemized charitable deductions
 - Example: At \$200,000 of contribution base, the first \$1,000 of otherwise deductible charitable contributions would not produce an itemized charitable deduction.
3. 35% limitation on the tax benefit for certain high-income taxpayers
4. \$15 million estate and gift exclusion per person
5. \$111,000 annual QCD limit and \$55,000 split-interest QCD limit
6. 2026 standard deduction amounts

Seek a qualified tax advisor for further explanation and to determine how this affects your unique financial situation.



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Charitable Partner Solutions

- Avoidance of capital gains tax
- Current income tax deduction
- Receive a variable or fixed income for the life of one or more individuals
- Reduce your taxable estate
- Transfer wealth to your family
- Future savings on income taxes



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Charitable Giving

- Cash / Credit Card
- Long-Term Appreciated Securities
 - Publicly Traded Stock
 - Restricted Stock
- Private Business Interests: C-Corp, LP or LLC
- Real Estate
- Crypto Currency
- Gifts-in-kind
 - Such as art, jewelry, collectibles, etc.
- Life Insurance Policy



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A Flexible Giving Option

Donor Advised Fund

- Similar to having your own foundation, but there is often no setup cost, operating fees are lower, and it can be funded with as little as \$1,000.
- You make irrevocable gifts to the DAF and receive an immediate tax deduction.
- Deductions include up to 60% of adjusted gross income (AGI) for gifts of cash and up to 30% of AGI for gifts of appreciated securities, mutual funds, real estate and other assets.
- Five-year carry-forward deduction on gifts that exceed AGI limits.
- On your own timeline, you “advise” the DAF administrator (community foundation, Fidelity, Schwab, etc.) on the amount and organization to receive a grant distribution.
- DAF grants generally cannot satisfy an individual donor’s enforceable personal pledge or provide more than incidental benefits.
- The fund can be kept in cash or invested for growth, which permits you to make annual gifts of income and principal while you are alive.
- You can specify that your children may advise on the remaining distributions from the DAF after your lifetime.



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Donate During Lifetime Via Your IRA

Qualified Charitable Distribution (QCD) or IRA Charitable Rollover

- Available if you are at least age 70½ and have an IRA.
- Transfer must be made directly by the IRA custodian to an eligible charity.
- Avoid taxes on transfers of up to \$111,000 directly from your IRA to a qualified charitable organization.
- If 73 or older:
 - Satisfy your required minimum distribution (RMD) for the year with a qualified charitable distribution (QCD).
 - Reduce your taxable income without itemizing as a deduction.
- Gift not subject to the 60% cash deduction limits on charitable gifts (30% deduction limit for non-cash gifts).
- QCD must be completed by December 31.

Cannot be used to fund a donor-advised fund or supporting organization.



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Donate Life Insurance

- Existing Policy (no longer needed)
 - A current deduction may be available when ownership is transferred to a charity. The amount depends on the policy, the donor's basis, and applicable appraisal and substantiation rules.
- New Policy
 - Name a nonprofit as owner and beneficiary.
 - Make annual gifts to a nonprofit to cover premium payments.
 - Take a tax deduction for the premium payments.

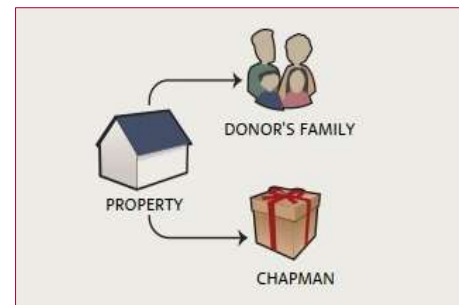


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Donate Via Will or Living Trust

Bequest

- Provision within your will or living trust for a qualified non-profit organization.
- Gift occurs after your lifetime.
- 100% of the value passes to charity without taxation.
- Reduces the value of your estate, potentially saving estate taxes.

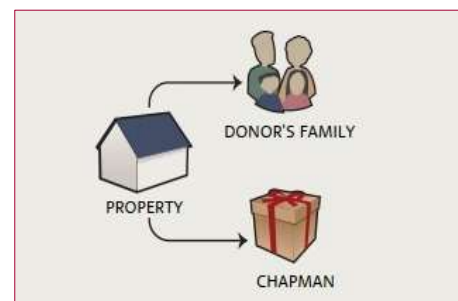


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Donate Retirement Assets After Lifetime

Beneficiary Designation

- Name charity as beneficiary of investments and other accounts
 - Stock
 - Bank account
 - Life insurance policies
- Name charity as beneficiary of pre-tax assets*
 - IRA
 - 401(k) or 403(b) accounts
 - Savings bonds
 - Commercial annuity



** Income in Respect of Decedent (IRD) assets left to heirs are subject to ordinary income tax when distributed. IRD assets left to a qualified charity are tax-exempt, so 100% of their value supports the non-profit's mission.*

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Who Gets What Matters

\$2.5 million Estate = \$1.5 million IRA & \$1 million house

IRA (kids); House (charity)		VS	IRA (charity); House* (kids)	
\$1,500,000	IRA to kids		\$1,500,000	IRA to charity
\$555,000	Fed max tax			
\$199,500	CA max tax		\$1,000,000	House to kids
\$745,500	Remains for kids		\$0	no tax
			\$1,000,000	to kids
\$1,000,000	House to charity			*Step-up in basis at death

TAKEAWAY: Leave tax-burdened retirement assets to charity and tax-efficient assets to family.



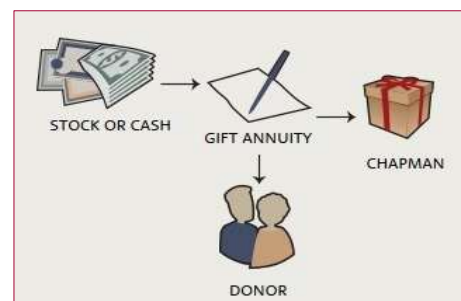
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Make a Gift, Get an Income

Charitable Gift Annuity

How it works

- Simple agreement
- No lawyers or fees
- Rate based upon age at time of gift
- Immediate income tax deduction
- Secure lifetime income stream
- Portion of income is tax-exempt



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Gift Annuity Rates

Most non-profits follow the recommended rates set by the American Council on Gift Annuities (ACGA).

- The rate is based on your age at the time you set up the gift annuity
- Once you establish a gift annuity, the payment never changes
- Only a new gift can qualify for a new rate
- A different rate chart is used for a 2-person gift annuity
- ACGA recommended rates are evaluated twice per year
- Current rates have been effective since January 1, 2024

Rates displayed are for an immediate one-life gift annuity

- Two-life annuities payout at a slightly lower rate
- A deferred annuity will pay a higher rate

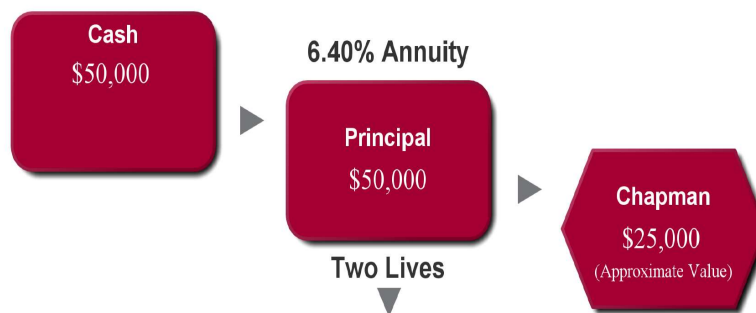
Age	Rate
60	5.2%
65	5.7%
68	6.1%
70	6.3%
72	6.6%
74	6.8%
76	7.2%
78	7.6%
80	8.1%
82	8.5%
84	8.9%
86	9.3%
88	9.7%
90+	10.1%



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Charitable Gift Annuity

Prepared For Larry Sample (76)
Prepared For Laura Sample (76)



1. Gift property to charity. Donor receives contract for annuity payments. Income tax deduction of \$16,262 may save \$5,204.

2. Annuity of \$3,200.00 for two lives. Tax-free amount \$2,163.20. Estimated two lives payout of \$63,360. Effective payout rate 9.4%.

3. Quarterly payments for two lives. Property passes to charity with no probate fees. There are also no estate taxes, if married.



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Relatively New Option

As of January 1, 2023

IRA Rollover (QCD) to Charitable Gift Annuity

- If 70½ or older, fund a charitable gift annuity directly from your IRA
- Uses a one-time lifetime election
- Up to \$55,000* (per person) in 2026
- Reduces RMD from IRA in the year funded
- Creates an immediate lifetime income stream for you (and spouse)
- Remainder to the charity for use after the lifetime of income beneficiaries

** Indexed to inflation / maximum changes annually*



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Strategies with Gift Annuities

Immediate Annuity

- Current tax deduction
- Immediate payment to the income beneficiary
- Uses a one-time lifetime election from IRA as QCD up to \$55,000*

Deferred Annuity

- Current tax deduction
- Annuity payments deferred to a future date
- Higher payout rate offered due to the deferment

Testamentary Annuity

- Created at the death of a donor via a trust
- Provide annuity payments to the beneficiary
- Great alternative to lump sum distribution to heirs

** Indexed to inflation / maximum changes annually*



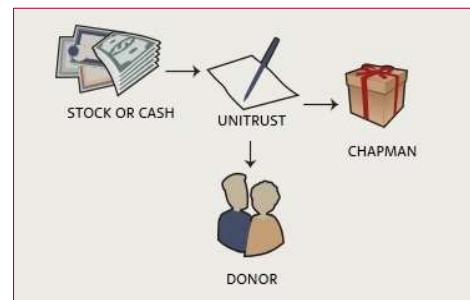
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Defer Capital Gains

Charitable Remainder Trust

How it works

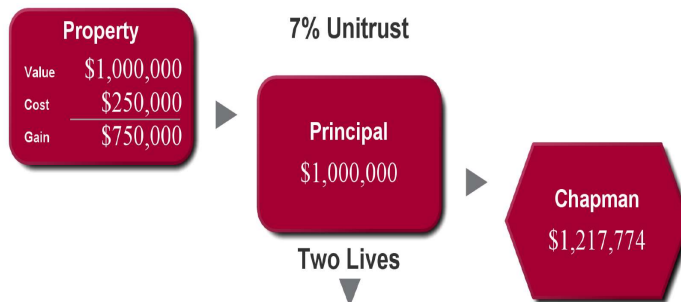
- Attorney drafts agreement
- You get to determine your optimal payout rate
- Immediate income tax deduction
- Choose if trust pays a lifetime (or term) of variable (or fixed) income to donor(s)
 - *Unitrust* is a variable amount
 - *Annuity trust* is a fixed amount
- Remainder of the trust becomes a significant gift to one or more charitable organizations



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Charitable Remainder Unitrust

Prepared For Larry Sample (76)
Prepared For Laura Sample (76)



1. Give asset, sell Tax-Free.
Bypass up to \$750,000 gain may save \$178,500. Income tax deduction of \$371,260 may save \$137,366.

2. UT annual income \$70,000. Increased income \$40,000 over prior \$30,000 income. Estimated income in 19.8 years \$1,524,417. Effective pretax rate 8.11%.

3. If trust earns 8%, pays 7%, then grows by 1%. After two lives, trust passes without probate to charity.



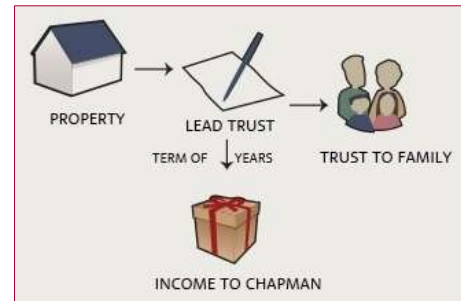
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Wealth Transfer with Minimal Taxes

Charitable Lead Trust: Charity First, Family Later

How it works

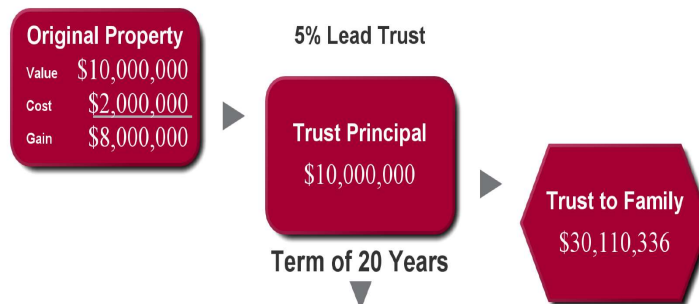
- Attorney drafts agreement.
- You make a contribution of your income-producing property to fund a trust that pays a qualified charitable organization income for a number of years.
- You receive a gift or estate tax deduction at the time of your gift.
- After the period of time you determine, your family receives the trust assets plus any additional growth in value.



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Annuity Lead Trust

Prepared For Sally Sample



1. Gift asset to lead trust, charitable gift tax deduction of \$6,338,150. Deduction reduces taxable gift from \$10,000,000 to \$3,661,850.

2. Income of 5.00% to charity for 20 years. No income tax. First year income \$500,000. Total charitable payments in 20 years \$10,000,000.

3. After term of years, trust distributed to family. Passing \$20,110,336 growth to family saves \$8,044,134 in gift or estate taxes.



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Additional Smart Giving Options

Live in Your Home, Get a Charitable Deduction: Retained Life Estate

- Gift your home/farm to charity and continue to occupy it for your lifetime
- Receive an immediate income tax deduction
- Deduction up to 30% of AGI with a 5-year carry forward
- Some charities might even pay you with an annuity while you live in the house

Sale Property at a Discount to Charity, Take Tax Deduction: Bargain Sale

- Sell your property to a charity for a significantly reduced price
- Receive a charitable deduction for the difference between the bargain sale price and appraised value
- Deduction up to 30% of AGI with a 5-year carry forward



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Quick Comparison

Strategy	Gift now or later	Income retained?	Best-suited asset	Current deduction?	Complexity
QCD	Now	No	IRA	No, income exclusion	Low
DAF	Now	No	Cash or appreciated property	Generally yes	Low–moderate
CGA	Now	Yes	Cash or securities	Partial	Moderate
CRT	Now	Yes	Appreciated property	Partial	High
Bequest	Later	No	Any estate asset	Estate-tax deduction	Low
Retirement beneficiary	Later	No	IRA/qualified plan	Estate-tax deduction	Low



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Your Lasting Legacy

A legacy gift is the ultimate – ***and usually largest*** – gift from an individual to support the important mission of a non-profit.

Things to discuss with the non-profit and record in your plan:

- Assets and strategy
- Designation of purpose
- Current use vs. endowment (permanent fund)
- Naming opportunities



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Your Call to Action

Consider your own legacy

- How would you like to be remembered? What do you stand for?

Notify a non-profit of your gift intentions/interests

- Explore assets, giving options and ask for gift illustrations
- Allow us to thank you!

Discuss with your trusted, qualified advisors

- CPA
- Wealth manager
- Estate attorney

Share your plans with others

- Inspire them to make similar gifts



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Questions and Assistance



David B. Moore

Associate Vice President, Legacy Planning
Chapman University
(714) 516-4590
dmoore@chapman.edu
www.chapman.edu/legacy

- I provide helpful information that you should share and discuss further with a qualified advisor.
- I am not an attorney, CPA or financial advisor. This is important to note because it means that I am not legally qualified to give legal, tax or investment advice.
- Always discuss your plans with a qualified advisor who is familiar with your unique situation.



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