FINANCIAL AND ESTATE LITERACY

CHARITABLE GIVING – FALL 2025
TAX ADVANTAGES FOR PHILANTHROPY

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Download the handout at:
http://iye.iyme.org

"Ask First!" *This form is to be filled out by any person who is offering legal, financial, retirement, insurance, accounting, estate, long-term care or similar planning services. Respond to **ALL** categories completely; sign and date at the bottom of the page.*

MY EDUCATION- I have achieved the following level of education (check HIGHEST level achieved):

□ Some High School	□ High School Diploma
□ GED	□ Some College

MY CREDENTIAL(S)- I have the following specialized cr

CPA, JD, MBA, years of relevant experience):

CPA 30+ years

MY RELEVANT LICENSE(S)- I have the following license(

services I am offering to you (examples: bar license (att

License Type	Covers What Activit
Certified Public Accountant	Accounting/Consult

LEGAL SERVICES- (Check ONE):

X I DO NOT practice law, and the services I am offering to you do not involve practicing law.

□ I DO practice law, and have an active license to practice law in California.

□ I DO practice law, but DO NOT have an active license to practice law in California.

OUR BUSINESS RELATIONSHIP- Check TRUE or FALSE:

X True / □ False: In our business relationship, I will at all times serve as a fiduciary and put your interests before my interests and those of my employer.

MY COMPENSATION- I will be paid in the following way (commission, fee, salary, etc.), by the named person or company, in connection with the services I am offering to you:

Way(s) I'll Be Paid	Payment Will Be Made By (name each person or company)
Hourly	Client only

FINANCIAL PRODUCTS / AFFILIATED ORGANIZATIONS- Check TRUE or FALSE:

□ True / **X False**: I offer or sell annuities, insurance, mutual funds or other financial products; or I am, or my employer is, affiliated with a person or organization that offers or sells annuities, insurance, mutual funds or other financial products.

I certify under penalty of perjury that the responses herein are true to the best of my knowledge.

Date: September 2025	Business Name:
Signature:	Address:
Print Name: Don Vivrette	Email: Don@ItsYourMoneyAndEstate.org

ISSUES TO SOLVE

- Desire to give back
- Income tax
  - Tax avoidance / deferral
  - Tax deduction
    - Charitable deduction for current + 5 years
- Capital gains tax
  - Sale of residence
  - Sale of investment property
    - Gain from a prior 1031 exchange
- Estate tax
  - Today at a high exclusion - $15,000 million
    - Gifting today
    - Portability
- Cashflow
  - Today
  - Tomorrow
  - For you or your beneficiaries or both
  - Time value of money
    - Is a dollar today worth more than a dollar tomorrow
- Investments
  - Growth in value, but no dividends
    - And capital gains if sold to get cash out
  - Volatility in the market
  - Retirement account value
    - Comes out as ordinary income (except a Roth)
- Beneficiaries
  - What if they:
    - Got a large cash inheritance today
    - Special needs

TIMING IS EVERYTHING

While you are alive

- Income tax deduction
  - Against AGI
- Possible income stream
  - For life / lives or term
- See how gifts are used
- Probably live longer

After you die

- Estate tax deduction
  - Against estate exemption
- Possible beneficiary income stream
  - For term of years
- Bequests to charity
- Beneficiary designations

Beneficiaries

- Possible income stream
- Special needs trusts
- Spendthrift trust

WHEN IS CHARITABLE GIVING A DEDUCTION AND WHAT TYPE?

- If you give to a charity today and get nothing in return (other than a thank you) then you can get an immediate **INCOME** tax deduction for the total amount.

- If you give to charity today, but get value back over time, then you can get an immediate **INCOME** tax deduction for the NET amount given, not the full amount because you get a benefit back.

- If you give a bequest to a charity after you die, your estate gets an **ESTATE** tax deduction, depending on giving the full amount or your heirs getting a return.

- **INCOME** tax deductions are deducted against your Adjusted Gross Income (AGI).
  - If cash is given, then deductions are up to 60% of AGI. If appreciated assets, then 30% of AGI.
  - Deduction can be used for the current tax year and 5 additional years if it is not all used.
  - NEW: Up to a $2,000 deduction for Standard Deduction filers for “cash” contributions - 2026

WHAT'S **ADJUSTED GROSS INCOME** (AGI)?

Form **1040** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **2024** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning , 2024, ending , 20 See separate instructions.

Your first name and middle initial	Last name	Your social security number
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number

Attach Sch. B if required.

Standard Deduction for—
- Single or Married filing separately, $14,600
- Married filing jointly or Qualifying surviving spouse, $29,200
- Head of household, $21,900
- If you checked any box under *Standard Deduction*, see instructions.

z	Add lines 1a through 1h				**1z**
2a	Tax-exempt interest	**2a**		**b** Taxable interest	**2b**
3a	Qualified dividends	**3a**		**b** Ordinary dividends	**3b**
4a	IRA distributions	**4a**		**b** Taxable amount	**4b**
5a	Pensions and annuities	**5a**		**b** Taxable amount	**5b**
6a	Social security benefits	**6a**		**b** Taxable amount	**6b**
c	If you elect to use the lump-sum election method, check here (see instructions)				
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here				**7**
8	Additional income from Schedule 1, line 10				**8**
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income**				**9**
10	Adjustments to income from Schedule 1, line 26				**10**
11	Subtract line 10 from line 9. This is your **adjusted gross income**				**11**
12	**Standard deduction or itemized deductions** (from Schedule A)				**12**
13	Qualified business income deduction from Form 8995 or Form 8995-A				**13**
14	Add lines 12 and 13				**14**
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your **taxable income**				**15**

For Disclo… Form **1040** (2024)

Standard deduction for a married couple was $29,200 for 2024, now $31,500

EFFECTIVE versus MARGINAL TAX RATES

2025 TAX RATE SCHEDULES				
If Taxable Income Is		Then the Gross Tax Payable Is:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
MARRIED INDIVIDUALS (and surviving spouses) FILING JOINT RETURNS				
$0	$23,850	---------------- 10% of taxable income -------------		
23,850	96,950	$2,385	12%	$23,850
96,950	206,700	11,157	22%	96,950
206,700	394,600	35,302	24%	206,700
394,600	501,050	80,398	32%	394,600
501,050	751,600	114,462	35%	501,050
751,600	--	202,154.50	37%	751,600

Taxable Income $100,000

Tax due $11,872

Effective tax rate 11.87%

Marginal tax rate 22%

Over	Not over	Rate	Tax
$0	$23,850	10%	$2,385
$23,850	$96,950	12%	$8,772
$96,850	$100,000	22%	$715

BUT WHAT DOES THAT MEAN FOR YOU?

- Do you take a Standard Deduction on your income tax return?
  - If married, $31,500 Standard Deduction in 2025
  - What are your tax-deductible expenses before charitable giving
    - SALT tax limitations (currently $40,000 with a phase-out impact)
  - Will adding a charitable deduction give you more deductions than a Standard Deduction?

- If you currently itemize your deductions, then charitable deductions will increase your overall deductions
  - New 0.5% Charitable Giving floor

- A way to give to charity **and** get a tax deduction IF you use a Standard Deduction – Yes, a Qualified Charitable Distribution (QCD)
  - New Charitable Giving deduction even if using Standard Deduction
  - $ 1,000 single or $ 2,000 married – must be “cash” gift, not appreciated asset

RETIREMENT ACCOUNTS – IRD...

- Income in Respect of Decedent (IRD) = Individual Retirement Account (IRA), 401(k), 403(b) ... No tax paid going in, so tax paid coming out
- Required Minimum Distribution (RMD)
  - Required each year when you are 73 and older (Moving to 75 by 2033)
  - Based on the value of your accounts at the end of last year and your age
    - Factor based on your age
    - Adjusts each year for age and account balance
- Produces **ordinary** taxable income
- Qualified Charitable Distribution (QCD)
  - For an IRA account, not 401(k) or 403(b)
  - After age $70^{1/2}$ paid directly to a charity
  - 100% "deductible", since it does not come into your income
    - Can be a partial or total against your RMD. QCD currently limited up to $108,000
  - You direct your account manager to pay all or part of your RMD directly to the charities you designate as a QCD

RMD Examples	
Age	Factor
73	26.5
75	24.6
80	20.2
85	16.0
90	12.2

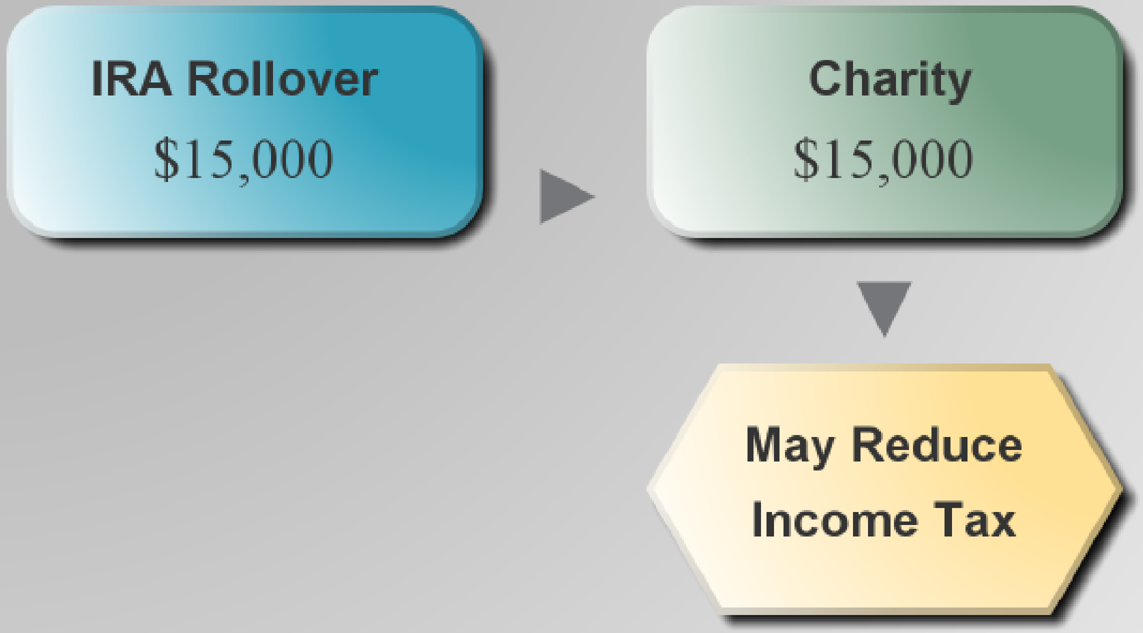
Rate changes each year
As you get older

Example	
Balance	$500,000
Age	80
Factor	20.2
RMD	$\boxed{\$24,752}$

Rates recently changed and the amount needed for RMD went down

IRA Rollover Gift

Prepared For Mary



Gift Benefits

Gift Value	$15,000

May Fulfill Required Minimum Distribution

1. IRA rollover charitable gift. Transfer from IRA custodian to charitable organization. May fulfill your IRA required minimum distribution (RMD).

2. Benefits for both the donor and the charity. IRA distribution to charity is not taxable income for donor.

3. Donor has satisfaction of knowing charitable purpose is served by gift. Plus, donor does not pay tax on required minimum distribution.

RMD from page before was a total of $24,752 but in this example, part is given directly to charity. No tax due on the part given to charity, only on the $9,752 taken directly.

At 20% tax, the savings was $3,000 + possibly reduce your Medicare bill.

QCD Example

Let's say your RMD is $25,000

If $20,000 went directly to charity

Tax is only paid on $ 5,000 or $ 1,000 in taxes

Tax NOT paid on money going to charity

At a combined tax rate of only 20% you save $ 4,000

And your Medicare bill might not go up!

Percent taxed on Social Security might not go up!

Net you end up with $ 4,000

If you wanted to give $20,000 to charity, but you took all of your RMD, you would have to use <u>$25,000</u> to give $20,000 because you would pay $5,000 in taxes on that money.

Net you end up with $ 0.00. It all went to charity & taxes

CHARITABLE GIFT ANNUITY (CGA)

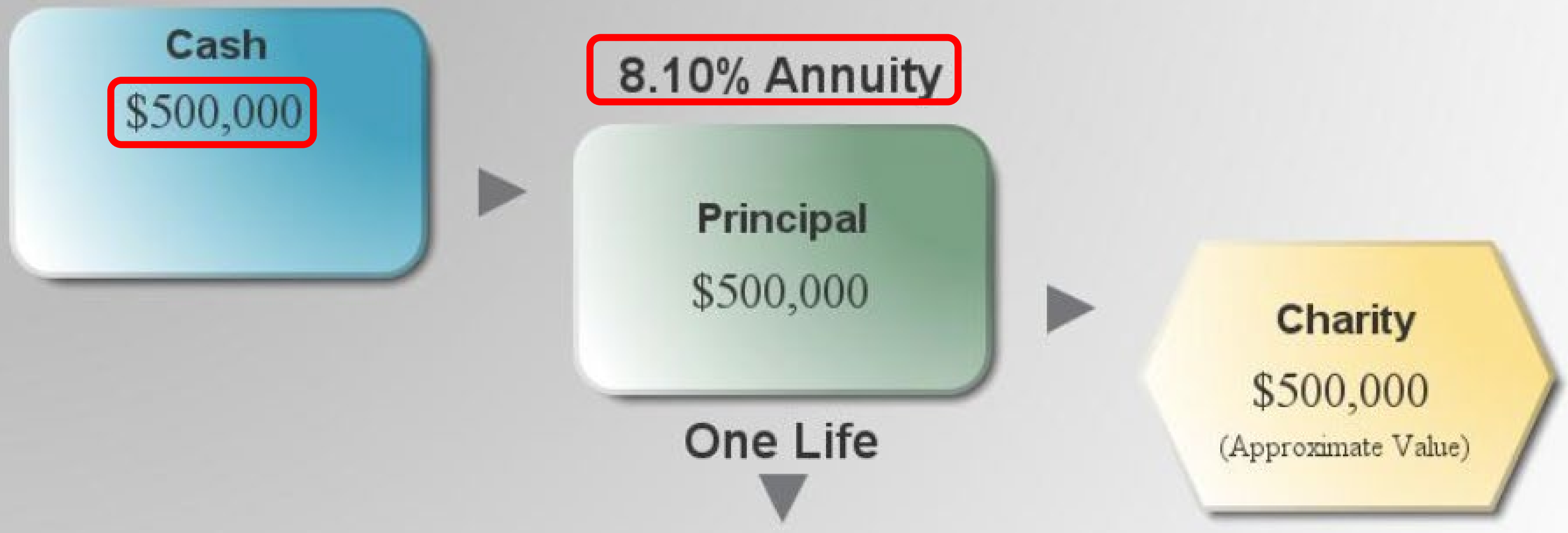
- Most non-profits that offer CGAs follow recommended rates from American Council on Gift Annuities (ACGA)
- Rates based on age - single or dual life
  - Rates are locked in when annuity established, do not adjusted over time
  - Pay out for your life (or both lives), not a set number of years
- Irrevocable agreement, but a simple form
- Charity must set aside a residual fund to protect annuity, plus other assets
  - Recommend giving to major charities
  - When you die, the remainder goes to the charity, not your family
- Can have a deferred start date
  - Can set up as testamentary annuity to pay your beneficiaries
- Consider using a highly appreciated, non-income producing stock to open an CGA. Or even better, use your QCD to fund.

Age*	Rate
65	5.7%
70	6.3%
75	7.0%
80	8.1%
85	9.1%
90	10.1%

* Based on single life
Updated as of 1/1/2024

Charitable Gift Annuity

Prepared For Mary (80)



1. Gift property to charity. Donor receives contract for annuity payments. Income tax deduction of $155,163 may save $49,652.

2. Annuity of $40,500.00 for one life. Tax-free amount $36,693.00. Estimated one life payout of $477,900. Effective payout rate 12.8%.

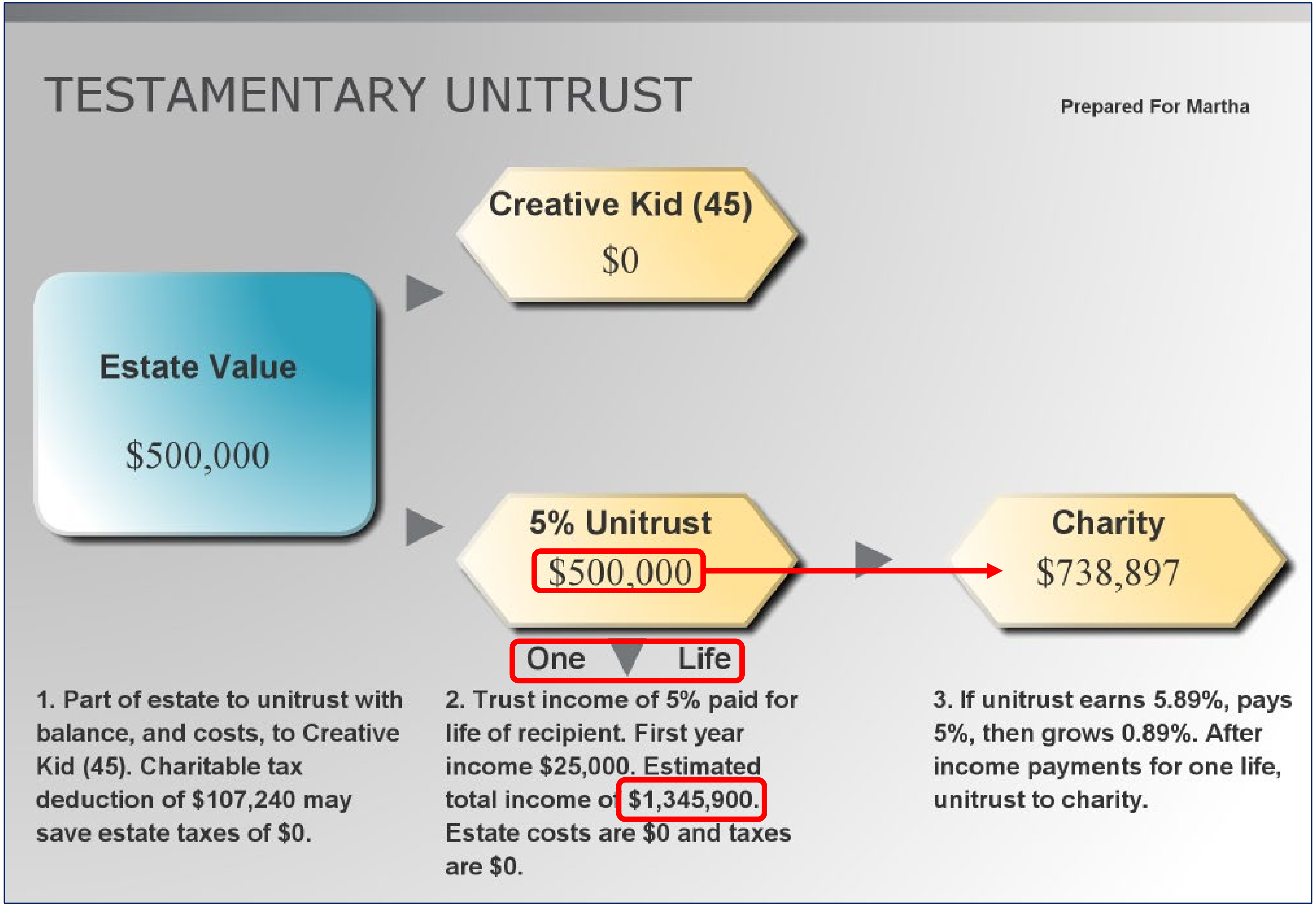
3. Quarterly payments for one life. Property passes to charity with no probate fees. There are also no estate taxes.

DONOR ADVISED FUNDS

- Like having your own Private Foundation
  - Without the overhead and restrictions
- Very simple to set-up through a Community Foundation or brokerage firm
- Low (tax deductible) dollar amount to open the account & low fees
- Good tool to bundle charitable giving
- You advise where and when to pay out to charities
  - Holder of the funds will confirm valid charity
- Currently a QCD can not be used to fund a Donor Advised Fund.
  - Congress discussing a change to this
- You or whoever you designate advises during your life and your family (or others) can advise after your death

IRA ACCOUNTS TO HEIRS

- Major issues to consider
  - Secure Act restricts heirs (except spouses…) to payout for max of only 10 years. All or part each year, but all out within 10 years.
    - An RMD amount may be required each year
  - What will your kids do with the account?
    - Take it all immediately and spend it or keep it invested?
  - What will happen when the money is taken out?
    - Pre-tax accounts are fully taxable to individuals as ordinary income
    - Pre-tax accounts are not taxed to charities
- If the kids are a concern, consider a testamentary trust
  - Fund it with the IRA
  - Payments are limited to your specified amount / percent
  - Can run for the heir's lifetime or a term, but not limited to 10 years


TESTAMENTARY UNITRUST
Prepared For Martha
Creative Kid (45)
$0
Estate Value
$500,000
5% Unitrust
$500,000
Charity
$738,897
One Life
1. Part of estate to unitrust with balance, and costs, to Creative Kid (45). Charitable tax deduction of $107,240 may save estate taxes of $0.
2. Trust income of 5% paid for life of recipient. First year income $25,000. Estimated total income of $1,345,900. Estate costs are $0 and taxes are $0.
3. If unitrust earns 5.89%, pays 5%, then grows 0.89%. After income payments for one life, unitrust to charity.

Who Gets What Matters

Estate $2.5 million, IRA $1.5 million, House $1 million

IRA (Kids); House (Charity)			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	to Kids		$0	no tax*
			$1,000,000	to Kids
$1,000,000	House to Charity			*Step-up values at death

Charitable Gift Annuity
Simple & Cheap

- CGAs from a charity are usually identical except for the dollar amount

Charitable Remainder Trust
Flexible & Expensive

- CRTs are individually created according to the specific desires of each client

CHARITABLE REMAINDER / LEAD TRUSTS

- Works best when giving assets with significant capital gains
  - To defer or offset capital gains tax (Tax savings could offset capital gains tax)
  - Put all or only part of the asset/value into the trust
- Who gets the money now
  - Remainder Trust – You get cash now, charity gets remainder
  - Lead Trust – Charity gets cash now, beneficiaries get remainder
- Cash paid either a fixed % of value (CRUT) or fixed dollar amount (CRAT). A CRAT can run out of money.
- You specify the charity or charities during your lifetime
  - You can change these as you wish
- Can be for a fixed time period or for your life(s) plus more years
- Attorney needs to draft agreement and it is irrevocable

Charitable Remainder Unitrust

Prepared For Bob (82)
Prepared For Mary (80)

Property

Value	$500,000
Cost	$60,000
Gain	$440,000

7.5% Unitrust

Principal
$500,000

Two Lives

Charity
$386,498

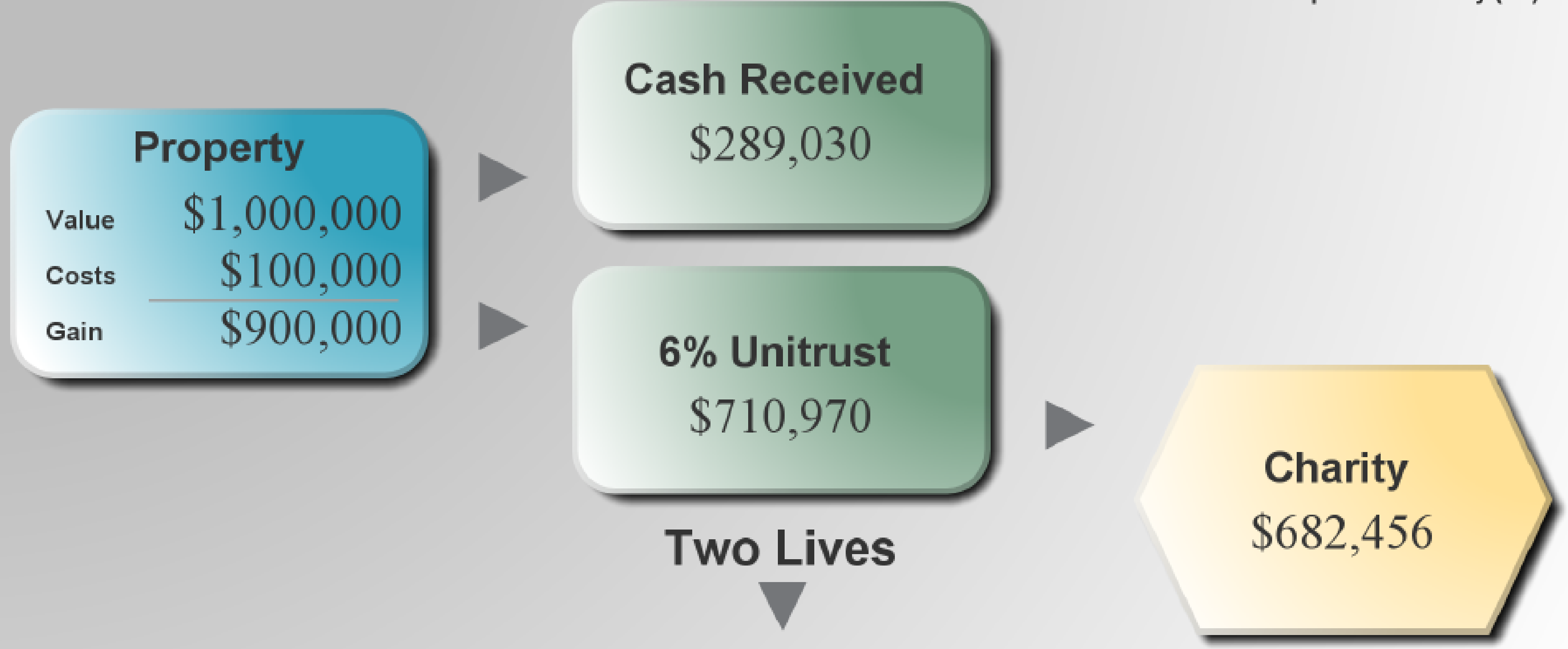
1. Give asset, sell Tax-Free. Bypass up to $440,000 gain may save $104,720. Income tax deduction of $230,075 may save $73,624.

2. UT annual income $37,500. Increased income $12,500 over prior $25,000 income. Estimated income in 15.3 years $510,046. Effective pretax rate 8.8%.

3. If trust earns 5.83%, pays 7.5%, then decreases by 1.67%. After two lives, trust passes without probate to charity.

Unitrust and Sale

Prepared For Bob (65)
Prepared For Mary (65)



1. Gift $710,970 to trust. Bypass up to $639,873 gain may save $152,290. Tax savings offset tax on cash, with net zero tax result. Net Cash to donors $289,030.

2. Unitrust Income of $42,658. Increased income $0 over prior $42,658 income. Estimated income in 30.3 years $1,267,297. Effective return rate 6.57%.

3. If trust earns 5.87%, pays 6%, then decreases by -0.13%. After two lives, trust passes without probate to charity.

Unitrust Plus Term

Prepared For Bob (82)
Prepared For Mary (80)

Property

Value	$500,000
Cost	$60,000
Gain	$440,000

5% Unitrust

Principal
$500,000

Two Lives Plus 10 Years

Charity
$625,179

1. Transfer and sell Tax-Free. Bypass up to $440,000 gain may save $104,720. Income tax deduction of $199,060 may save $63,699.

2. Unitrust income of $25,000. Increased income $25,000 over prior $0 income. Estimated income in 25.3 years $705,631. Effective return rate 5.73%.

3. If trust earns 5.888%, pays 5%, then grows by 0.888%. After two lives plus term, trust passes to charity. Partial estate tax deduction.

Income for both lives plus 10 additional years for a beneficiary

TYPES OF REMAINDER TRUSTS

- STANDARD – Effective immediately
  - Sell assets contributed and take income
- NICRUT – Net Income only
  - Sell but limit income, plan for retirement
- NIMCRUT – Net Income with Makeup
  - Same as NICRUT but makeup lost income later
- FLIP – Changes at a significant event or date
  - Don’t take full income until contributed assets are sold
- But provides an income tax deduction now

What if I … ?

	Sale => Charity	Charity => Sale
Asset	$1,000,000	
Exemption / Basis	$100,000	
Capital Gains	$900,000	
Capital Gains Tax Rate	40%	
Capital Gains Tax	-$360,000	
Net after tax	$640,000	
To Charity to fund a CGA	$640,000	$1,000,000
Charitable Tax Deduction	$224,000	$350,000
Income Tax Rate	35%	35%
Tax Savings	$78,400	$122,500
Added tax savings		$44,100
CGA @ 80	8.1%	8.1%
Annual payout	$51,540	$81,000
Added funds each year		$29,160
Added funds to the charity		$360,000

Working hypothetical example

ISSUES TO SOLVE

Run the numbers to see what is best for you

- Desire to give back
- Income tax
  - Tax avoidance / deferral
  - Tax deduction
    - Charitable deduction for current + 5 years
- Capital gains tax
  - Sale of residence
  - Sale of investment property
    - Gain from a prior 1031 exchange
- Estate tax
  - Today at a high exclusion - $15,000 million
    - Gifting today
    - Portability

- Cashflow
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  - Tomorrow
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    - Comes out as ordinary income (except a Roth)
- Beneficiaries
  - What if they:
    - Got a large cash inheritance today
    - Special needs

Lots of the available options

Find a Program

GIFT TYPE

- [x] Major Gifts
- [x] Blended Gifts
- [x] Planned Gifts

GIFT MODEL

- [x] Bequest
- [x] Gift Annuity
- [x] Unitrust
- [x] Annuity Trust
- [x] Lead Trust
- [x] Other

Most Popular Programs

Recently Used Programs

Major Gifts

- Cash Gift/DAF (33)
- Gift of Appreciated Asset/DAF (34)
- IRA Rollover Gift (35)
- Gift and Sale (36)
- Bargain Sale (38)

Blended Gifts

- Gift and Bequest/DAF (61)
- Endowed Gift and Bequest (62)
- Gift and Gift Annuity (63)
- Gift and Unitrust (64)
- Gift and Deferred Annuity (65)
- IRA Gifts and Bequest (66)
- IRA Gifts and Testamentary UT (67)
- Gift Annuity and Bequest (68)
- Lead Trust and Bequest (69)
- Gift Annuity Interest and Bequest (70)
- Unitrust Income and Bequest (71)
- Gift and Testamentary Lead Trust (72)

Planned Gifts

- Annuity Trust - One or Two Lives (47)
- Annuity Trust - Term of Years (49)
- Bequest/Bequest of IRA (58)
- Education Unitrust (39)
- Gift Annuity - One or Two Lives (53)
- Gift Annuity for Home (54)
- Gift Annuity - Deferred (55)
- Gift Plus Insurance (48)
- Gift and Redemption (37)
- Life Estate Reserved (52)
- Living Lead Trust (51)
- Pooled Income Fund (50)
- Ret. UT/NIMCRUT/FLIP (44)
- Revocable Trust (56)
- Sale vs. Unitrust (46)
- Testamentary Lead Trust (59)
- Testamentary UT/Gift Annuity (57)
- Unitrust - Term of Years/FLIP (42)
- Unitrust - Life Plus Term (43)
- Unitrust and Insurance Trust (41)
- Unitrust - One to Eight Lives (40)
- Unitrust and Sale (45)

CHARITABLE GIVING

Doing good for others

and for yourself

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Estate Planning

ONE OF THE BEST GIFTS

YOU CAN GIVE TO YOUR FAMILY

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Financial Planning

Planning for today,

for tomorrow and perhaps beyond

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CHARITABLE GIVING – FALL 2025
HOW TO GIVE AND STILL GET BACK

Thank you very much

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