

# Charitable Opportunities

“The Secrets Your Advisors Never Tell You”



CHAPMAN  
UNIVERSITY

Presented by:  
David B. Moore  
Assistant Vice President, Legacy Planning  
Chapman University  
(714) 516-4590  
[dmoore@chapman.edu](mailto:dmoore@chapman.edu)  
[chapman.edu/legacy](http://chapman.edu/legacy)

# 2024 Federal Tax Brackets

*Expires December 31, 2025*

Rate	Taxable Income Single	Married Filing Jointly
<b>10%</b>	\$0 to \$11,600	\$0 to \$23,200
<b>12%</b>	\$11,601 to \$47,149	\$23,201 to \$94,299
<b>22%</b>	\$47,150 to \$100,524	\$94,300 to \$201,049
<b>24%</b>	\$100,525 to \$191,949	\$201,050 to \$383,899
<b>32%</b>	\$191,950 to \$243,724	\$383,900 to \$487,449
<b>35%</b>	\$243,725 to \$609,349	\$487,450 to \$731,199
<b>37%</b>	\$609,350 or more	\$731,200 or more

# Taxes

## Estate and Gift Tax in 2024

- Estate Exemption: \$13,610,000 per person
  - Sunsets Dec. 31, 2025, reverts to \$5 million adjusted for inflation
- Estate Tax Rate: 40%
- Gift Tax Annual Exclusion: \$18,000
  - *The gift tax refers to your gifts to individuals, not charity*
  - *Gifts of excess of the exclusion amount are to be recorded on IRS Form 706*

## Long Term Capital Gains and Qualified Dividends

- Can be 0%, 15% or 20% depending upon income level

## Additional Taxes

- Medicare: find your cost at [www.medicare.gov](http://www.medicare.gov)
- California's top tax rate increased in 2024 to 14.4% for taxable income above \$1,000,000 (single) or \$1,198,024 (married filing jointly)

# 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 required minimum distribution (RMD) for an IRA increased from age 70½ to age 72 in 2020 and to age 73 in 2022
  - RMD will increase to age 75 in 2033
- Eliminated the stretch IRA
  - Inherited IRA must fully distribute within 10 years
- Created option of IRA rollover to Charitable Gift Annuity
  - One-time (ever) distribution of up to \$53,000\* from IRA
  - Can fulfill your RMD
  - Provides a lifetime income stream

*\* Indexed to inflation / maximum changes annually*

# Charitable Partner Solutions

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

# 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: art, jewelry, collectibles, etc.
- Life Insurance Policy

# Donate During Lifetime Via Your IRA

- Available if at least age 70½ and you have an IRA
- Avoid taxes on transfers of up to \$100,000 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 deductions
- Gift not subject to the 60% cash deduction limits on charitable gifts (30% deduction limit for non-cash gifts)
- Help support the mission of an organization that is important to you

*Cannot be used to fund a donor advised fund or supporting organization*

*Technical name: Qualified Charitable Deduction or IRA Charitable Rollover*

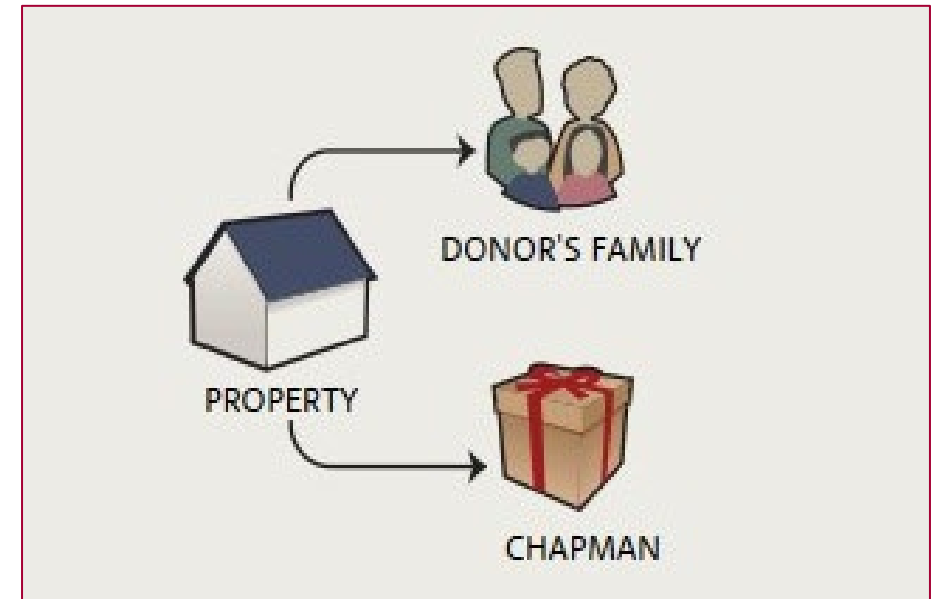
# Donate Life Insurance

- Existing Policy (no longer needed)
  - Name a nonprofit as beneficiary
  - If you also transfer ownership to the nonprofit, you can take a tax deduction for cash surrender value of policy
- New Policy
  - Name a nonprofit as owner and beneficiary
  - Make annual gifts to nonprofit to cover premium payments
  - Take a tax deduction for the premium payments



# Donate Via Will or Living Trust

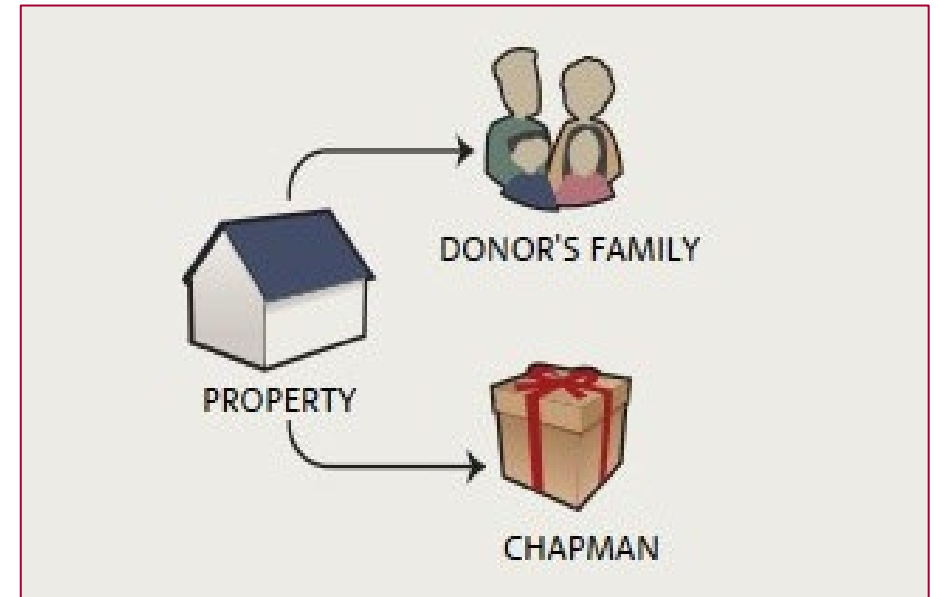
- Provision within your will or living trust for a qualified non-profit organization
- Gift occurs after your lifetime
- 100% of value passes to charity without taxation
- Reduces the value of your estate, potentially saving estate taxes



*Technical name: Bequest*

# Donate Retirement Assets After Lifetime

- 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 fully taxable. IRD assets left to a qualified charity are tax exempt, so 100% of the value supports their mission.*

*Technical name: Beneficiary Designation*

# Who Gets What Matters

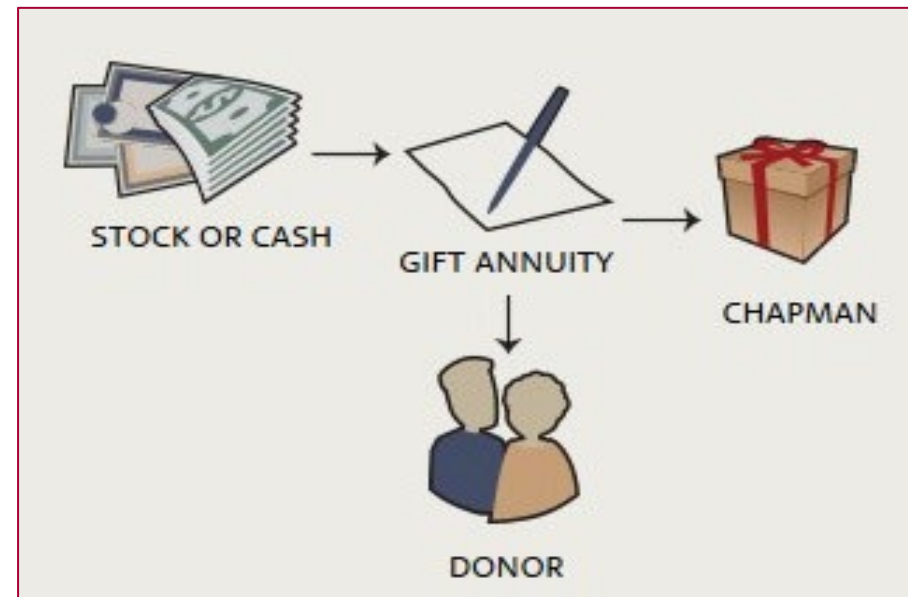
*\$2.5 million Estate = \$1.5 million IRA & \$1 million house*

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

# Make a Gift, Get an Income

## 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



*Technical name: Charitable Gift Annuity*

# 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 2-person gift annuity
- ACGA recommended rates are evaluated twice per year
- Current rates became effective January 1, 2023

Rates displayed are for an immediate one-life gift annuity

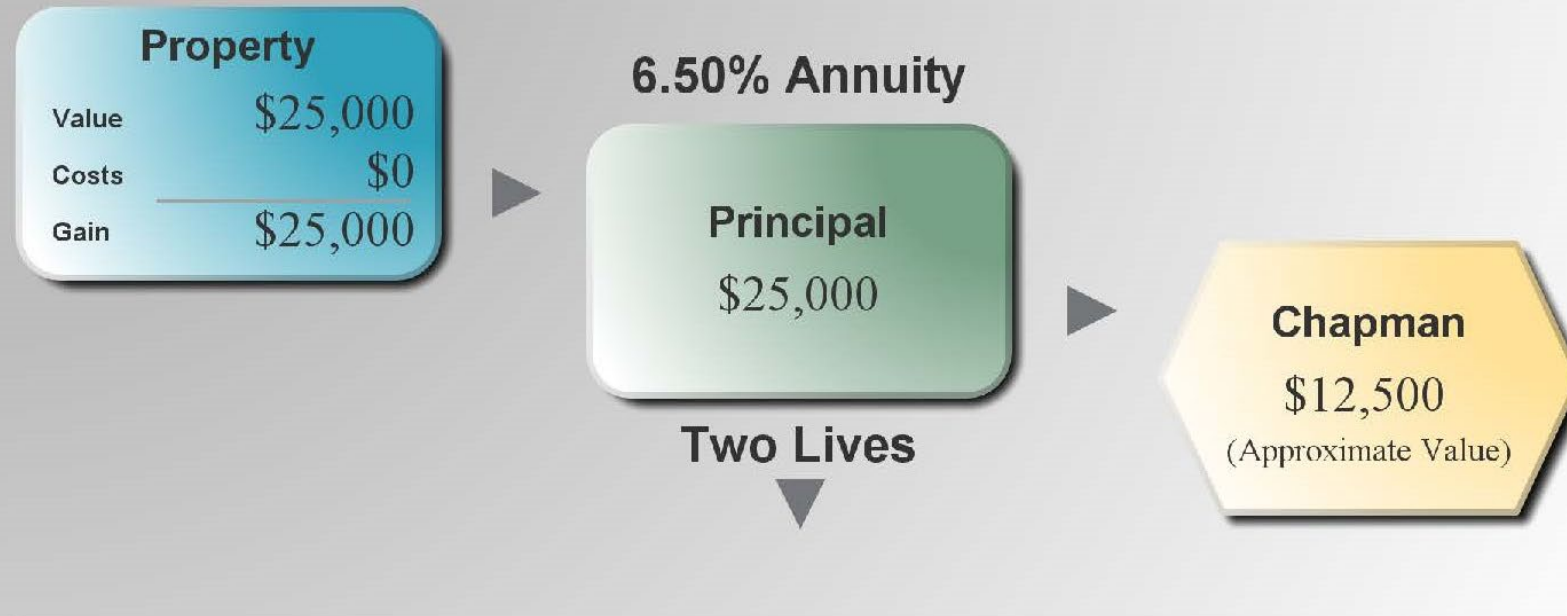
- Two-life annuities payout at a slightly lower rate
- A deferred annuity will pay a higher rate

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

# Illustration

## Charitable Gift Annuity

Prepared For Larry Sample (78)  
Prepared For Sally Sample (76)



1. Gift property to charity. Partial bypass \$25,000 gain may save \$2,912. Income tax deduction of \$0. CA tax credit of \$0.

2. Annuity of \$1,625.00 for two lives. Tax-free amount \$0.00. Estimated two lives payout of \$30,875. Effective payout rate 7.4%.

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

# New Option

SECURE Act 2.0 created this opportunity starting Jan. 1, 2023

## **IRA Rollover to Charitable Gift Annuity**

- If 70½ or older, fund a charitable gift annuity directly from your IRA
- Once in a lifetime
- Up to \$53,000\* (per person) in 2024
- 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 lifetime of income beneficiaries

*\* Indexed to inflation*

# Strategies with Gift Annuities

## Immediate Annuity

- Current tax deduction
- Immediate payment to income beneficiary
- Can be funded (once in a lifetime) from IRA as QCD up to \$53,000\*

## Deferred Annuity

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

## Testamentary Annuity

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

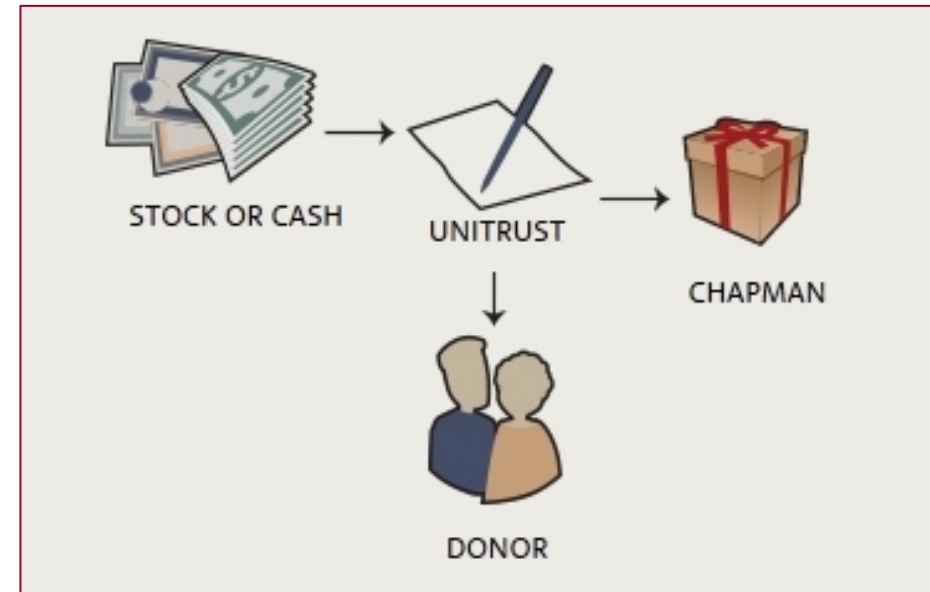
*\* Maximum is indexed to inflation annually*



# Avoid Capital Gains

## How it works

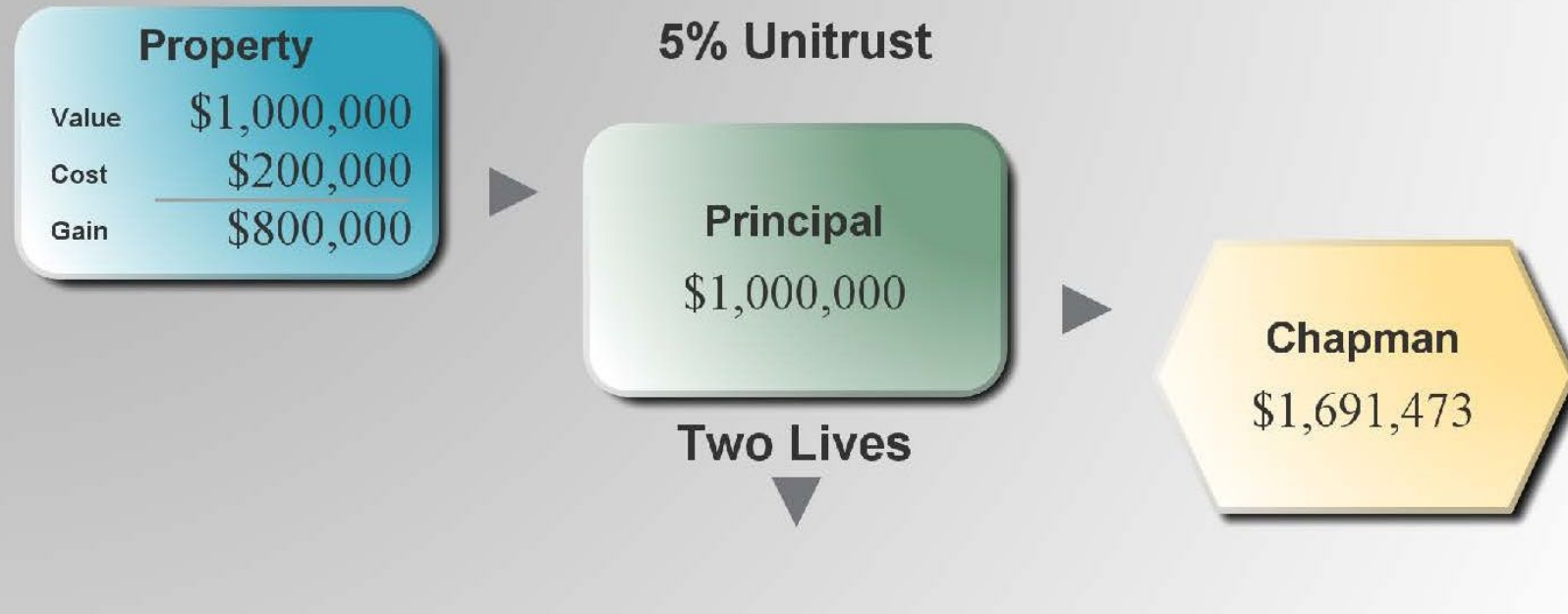
- Attorney drafts agreement
- You get to determine your optimal payout rate
- Immediate income tax deduction
- Choose if trust pays a lifetime (or term) of variable (or fixed) income to donor(s)
  - Unitrust is variable amount
  - Annuity trust is fixed amount
- Remainder of trust becomes a significant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



# Illustration

## Charitable Remainder Unitrust

Prepared For Jesse Sample (61)  
Prepared For Monica Sample (55)



1. Give asset, sell Tax-Free.  
Bypass up to \$800,000 gain may save \$190,400. Income tax deduction of \$251,880 may save \$93,196.

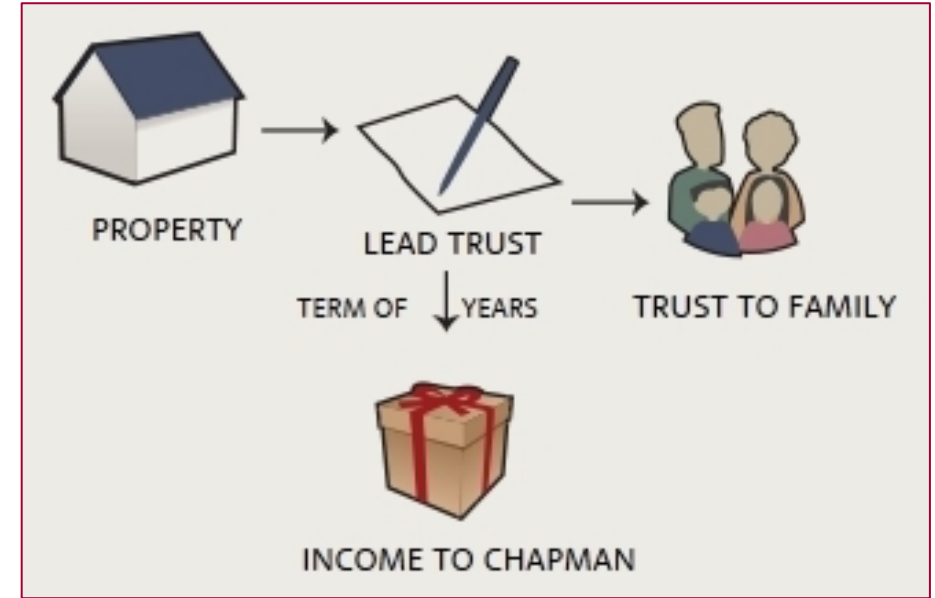
2. UT annual income \$50,000.  
Increased income \$20,000 over prior \$30,000 income. Estimated income in 38.4 years \$2,508,791. Effective pretax rate 5.51%.

3. If trust earns 6.38%, pays 5%, then grows by 1.38%. After two lives, trust passes without probate to charity.

# Big Money to Family, No Estate Tax

## How it works

- Attorney drafts agreement
- You make a contribution of your 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

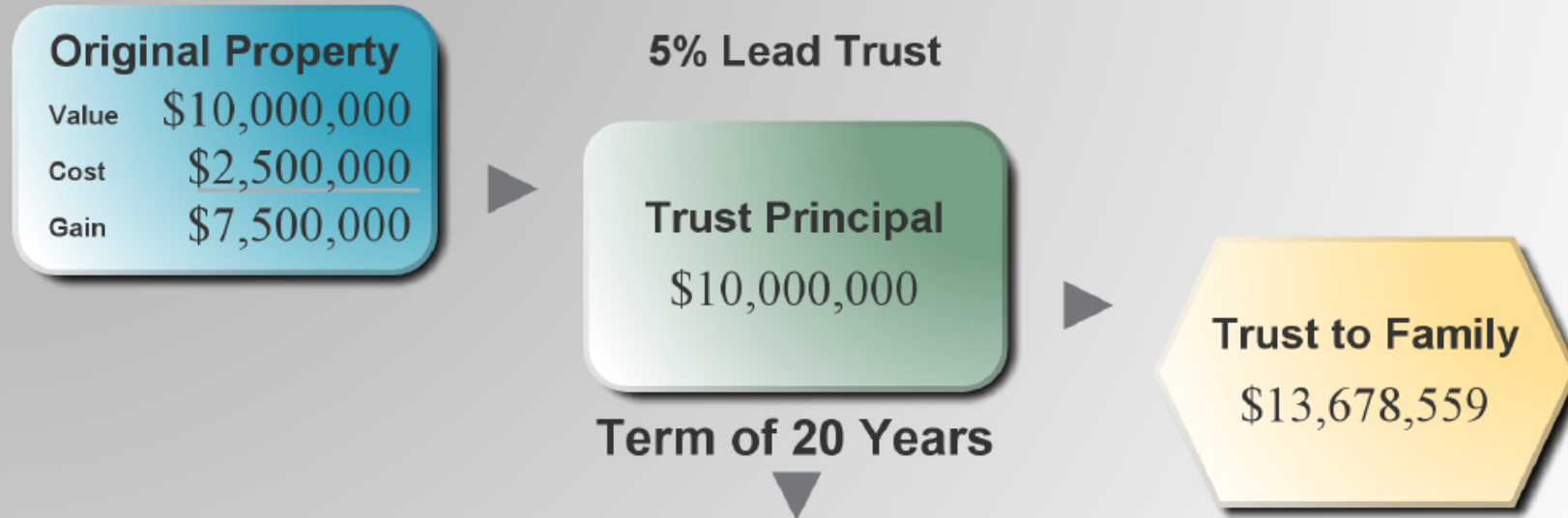


*Technical name: Charitable Lead Trust*

# Illustration

## Annuity Lead Trust

Prepared For Sally Sample



1. Gift asset to lead trust, charitable gift tax deduction of \$6,347,000. Deduction reduces taxable gift from \$10,000,000 to \$3,653,000.

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 \$3,678,559 growth to family saves \$1,471,424 in gift or estate taxes.

# Additional Smart Giving Options

## **Live in Your Home, Get a Charitable Deduction**

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

*Technical name: Retained Life Estate*

## **Sale Property at a Discount, Take Tax Deduction**

- 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 5-year carry forward

*Technical name: Bargain Sale*

# Your Lasting Legacy

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

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

- Assets and strategy
- Designation of purpose
- Immediate use versus endowment (permanent fund)
- Naming Opportunities

# Your Call to Action

## **Consider your own legacy**

- What's important to you?

## **Notify a non-profit of your gift intentions / interests**

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

## **Discuss with your trusted advisors**

- CPA
- Wealth manager
- Estate attorney

## **Share your plans with others**

- Inspire similar gifts

# Questions and Assistance



**David B. Moore**

Assistant Vice President, Legacy Planning  
Chapman University  
(714) 516-4590  
dmoore@chapman.edu

- 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.



DRIVEN BY  
**CURIOSITY**

INSPIRED BY  
**CHAPMAN**



CHAPMAN  
UNIVERSITY

