

# FINANCIAL AND ESTATE LITERACY

## CHARITABLE GIVING TAX ADVANTAGES FOR PHILANTHROPY



**Don Vivrette**

Financial and Estate Literacy (FEL)  
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**"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:

- Some High School     High School Diploma  
 GED     Some College

**MY CREDENTIAL(S)-** I have the following specialized credential (CPA, JD, MBA, years of relevant experience):

CPA 30+ years

**MY RELEVANT LICENSE(S)-** I have the following license(s) giving services I am offering to you (examples: bar license (attorney); CPA license):

License Type	Covers What Activities
Certified Public Accountant	Accounting/Consulting
Retired 2025	

**LEGAL SERVICES-** (Check ONE):

- 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:

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 /  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: April 15, 2023	Business Name:
Signature: <i>Don Vivrette</i>	Address:
Print Name: Don Vivrette	Email: Don@ItsYourMoneyAndEstate.org

Updated March 2026



## Issues to consider

- **Desire to give back**
  - Support a cause
  - Help fund an initiative
  - Legacy for family
- **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 million each
    - 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



## Retirement Accounts – QCD...

- 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)
- Produces ordinary taxable income
- Qualified Charitable Distribution (QCD)
- Avoids Federal and State income tax

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	\$24,752

Rates recently changed  
and the amount needed  
for RMD went down



## What is Adjusted Gross Income (AGI)?

Form <b>1040</b> Department of the Treasury—Internal Revenue Service		<b>2025</b>	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2025, or other tax year beginning		, 2025, ending		See separate instructions.
<input type="checkbox"/> Filed pursuant to section 301.9100-2 <input type="checkbox"/> Combat zone		<input type="checkbox"/> Deceased MM / DD / YYYY		Spouse MM / DD / YYYY
<input type="checkbox"/> Other				
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

4a	IRA distributions	4a	b	Taxable amount	4b
c	Check if (see instructions)	1 <input type="checkbox"/> Rollover	2 <input type="checkbox"/> QCD	3 <input type="checkbox"/>	
5a	Pensions and annuities	5a	b	Taxable amount	5b
c	Check if (see instructions)	1 <input type="checkbox"/> Rollover	2 <input type="checkbox"/> PSO	3 <input type="checkbox"/>	
6a	Social security benefits	6a	b	Taxable amount	6b
c	If you elect to use the lump-sum election method, check here (see instructions)				
d	If you are married filing separately and lived apart from your spouse the entire year (see inst.), check here				
7a	Capital gain or (loss). Attach Schedule D if required			7a	
b	Check if: <input type="checkbox"/> Schedule D not required <input type="checkbox"/> Includes child's capital gain or (loss)				
8	Additional income from Schedule 1, line 10				8
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7a, and 8. This is your total income				9
10	Adjustments to income from Schedule 1, line 26				10
11a	Subtract line 10 from line 9. This is your adjusted gross income				11a

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## 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 on a 20% rate

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 all the \$25,000 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

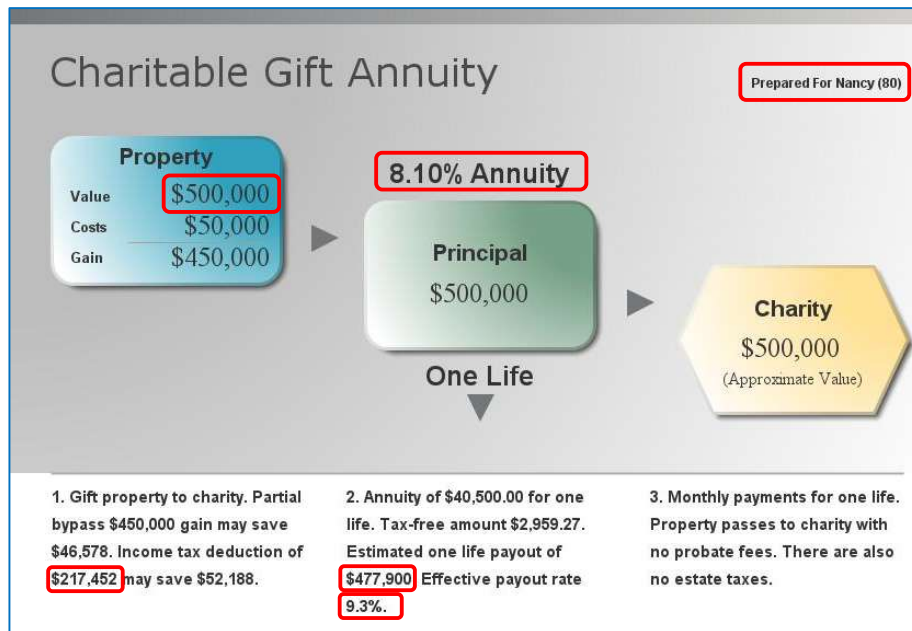
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## Charitable Gift Annuity (CGA)

- Most non-profits that offer CGAs follow recommended rates from American Council on Gift Annuities (ACGA)
- Rates based on age - single or dual life
- Consider using a highly appreciated, non-income producing stock to open a 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



## Uses of a (CGA)

- Supports the non-profit
- Income for you during your lifetime
- Income for others as a gift during your lifetime
- Testamentary established during your lifetime
  - For beneficiary to control amount of payout
  - For a friend as a gift



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### 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
<b>Added funds each year</b>		\$29,160
Added funds to the charity		\$360,000

Working hypothetical example



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## IRA Accounts to Heirs

- Major issues to consider
  - Secure Act restricts heirs (except spouses...) to payout for max of only 10 years.
  - What will happen when the money is taken out?
- 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



## Beneficiary Designation

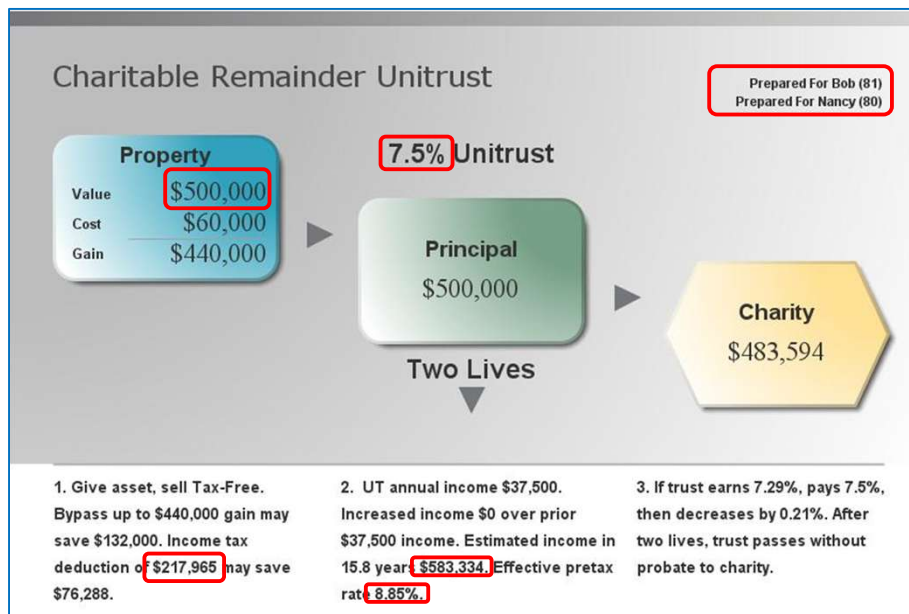
Estate \$2.5 million, IRA \$1.5 million, House \$1 million

IRA to Beneficiaries; House to Charity		IRA to Charity; House to Beneficiaries	
\$1,500,000	IRA to Beneficiaries	\$1,500,000	IRA to Charity
\$555,000	Fed max tax		
\$199,500	CA max tax	\$1,000,000	House to Beneficiaries
\$745,500	to Beneficiaries	\$0	no tax*
		\$1,000,000	to Beneficiaries
\$1,000,000	House to Charity		*Step-up values at death



## Charitable Remainder Trusts

- Works best when giving assets with significant capital gains
- Who gets the money now – you or a charity?
- Cash paid either a fixed % of value or fixed dollar amount ?
- You specify the charity or charities during your lifetime
- Can be for a fixed time period, for your life(s), or for your life(s) plus more years for your beneficiaries
- Attorney needs to draft agreement, and it is irrevocable



### Unitrust and Sale

Prepared For Bob (65)  
Prepared For Nancy (65)

**Property**

Value	\$1,000,000
Costs	\$100,000
Gain	\$900,000


**Cash Received**  
\$249,436

**6% Unitrust**  
\$750,564

**Two Lives**

**Charity**  
\$1,124,980

1. Gift \$750,564 to trust. Bypass up to \$675,508 gain may save \$202,652. Tax savings offset tax on cash, with net zero tax result. Net Cash to donors \$249,436.
2. Unitrust Income of \$45,034. Income payable in quarterly amounts. Total estimated income in 30.6 years \$1,687,510. Effective return rate 6.59%.
3. If trust earns 7.33%, pays 6%, then grows by 1.34%. After two lives, trust passes without probate to charity.


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### Unitrust Plus Term

Prepared For Bob (86)  
Prepared For Nancy (81)

**Property**

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

**5% Unitrust**


**Principal**  
\$500,000

**Two Lives Plus 10 Years**

**Charity**  
\$870,940

1. Transfer and sell Tax-Free. Bypass up to \$440,000 gain may save \$104,720. Income tax deduction of \$205,610 may save \$71,964.
2. Unitrust income of \$25,000. Income payable in quarterly amounts. Total estimated income in 23.8 years \$786,224. Effective return rate 5.84%.
3. If trust earns 7.359%, pays 5%, then grows by 2.359%. After two lives plus term, trust passes to charity. Partial estate tax deduction.

Income for both lives plus 10 additional years for a beneficiary


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## Donor Advised Funds

- Like having your own Private Foundation
- Very simple to set-up through a Community Foundation or brokerage firm
- You advise where and when to pay out to charities
- Currently a QCD can not be used to fund a Donor Advised Fund.
- You or whoever you designate advises during your life and your family (or others) can advise after your death



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## Legacy Programs

- The ultimate Thank You / Recognition for an organization
- We recommend you tell the organization what you are doing. Why and how do you want them to use your Legacy.
- During your lifetime, a Legacy gift allows you to see what is being done through you gift
- Planning a testamentary gift, you can decide what to give to whom and help your beneficiaries with maximizing their portion of your estate.



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## BEQUESTS & BENEFICIARY DESIGNATIONS

### *The Ultimate Compliment to Any Non-Profit Organization*

- Philanthropic giving after one's lifetime
  - Will or trust
  - Beneficiary designations: IRA, securities accounts, life insurance policies, savings bonds, commercial annuities
  - Pre-tax accounts are wise choices for philanthropy because of taxation. Can be stated as percent, specific amount, or specific asset
- No income tax deduction during life, estate tax deduction later
- Most non-profit organizations have a legacy society and would be honored to learn about your plan, both to recognize you now AND to ensure your future gift can be used according to your wishes.



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## Wrap up

- In giving, why not assure you are using tax wise giving, it saves you money or can let you give more
- What issues are you trying to solve. Lots of options.
- If you can and want to, give while you are alive and get an income tax deduction.
- Remember, IT'S YOUR ESTATE

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# FINANCIAL AND ESTATE LITERACY

THANK YOU FOR THE OPPORTUNITY TO CHAT.



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## Reference Material

## 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?
  - New Charitable Giving deduction even if using Standard Deduction
    - \$ 1,000 single or \$ 2,000 married – must be “cash” gift, not appreciated asset
  
- If you currently itemize your deductions, then charitable deductions will increase your overall deductions
  - New 0.5% Charitable Giving floor starts in 2026
  
- Any way to give to charity **and** get a tax deduction IF you use a Standard Deduction – Yes, a Qualified Charitable Distribution (QCD)



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## Trigger Amounts

- Added \$6,000 Standard Deduction for 65+
  - Phase down starts at \$75,000 singles and \$150,000 married
- Social Security tax
  - 50% taxable amount starts at \$25,000 single and \$32,000 married of Total Income
  - Bump up to 85% taxable amount at \$34,000 for single and \$44,000 for married
  - Taxable amount is defined as ½ Social Security benefits + Other Income
- Part B Medicare payment increases
  - Base is \$185 per person
  - Increases start (40% increase) for income over \$106,00- for singles and over \$212,000 for married
- State and Local Taxes (SALT)
  - Deductible up to \$40,000
  - Phases down to \$10,000 if MAGI is over \$500,000



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