

# Tax Advantages for Philanthropy

The Secrets Your  
Advisors Rarely Tell You

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# Know Your Taxes

Find Trusted Advisors



# 2026 Federal Tax Brackets

Rate	Taxable Income (Single)	Taxable Income (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 \$201,775	\$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%	\$640,601 and more	\$768,701 and more

# Taxes

## Estate and Gift Tax in 2026

- Estate Exemption: \$15,000,000 per person
- Estate Tax Rate: Can be up to 40%
- Gift Tax Annual Exclusion: \$19,000
  - *These are gifts to individuals, not charity*
  - *Gifts in excess of the exclusion amount are to be recorded on IRS form 709*

## Long-Term Capital Gains and Qualified Dividends

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

## Additional Taxes

- Medicare: find your cost at [www.medicare.gov](http://www.medicare.gov)
- State Taxes: California's top tax rate is currently 13.3%

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

# SECURE Acts

## Setting Every Community Up for Retirement Enhancement (SECURE and SECURE 2.0) Acts

Effective as of January 1, 2020 and January 1, 2023

- The required minimum distribution (RMD) for an IRA increased from age 70 ½ to age 72 in 2020 and 73 in 2022
  - RMD will increase to age 75 in 2033
- Stretch IRA was eliminated
  - Inherited IRA must fully distribute within 10 years
- Created IRA Rollover/Qualified Charitable Distribution to Charitable Gift Annuity option

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

# One Big Beautiful Bill Act

## Some tax changes relevant to this presentation:

- Extension of 60% AGI limit for cash gifts to public charities.
- Standard deduction increased to \$16,100 for single individuals, \$32,200 for married couples.
- New \$6,000 deduction for seniors aged 65+ (2025-2028). Phases out at AGI over \$75,000 single, \$150,000 married.

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

# Charitable Opportunities

Save On Taxes,  
Make an Impact

# 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 / Check / 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

# Flexible Giving Option

## Donor Advised Fund

- Similar to having your own foundation without the set-up cost, lower operating fees, and it can be funded with as little as \$5,000 (possibly even less)
- You make gifts to the DAF and receive an immediate tax deduction
  - 60% of adjusted gross income (AGI) for gifts of cash, 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 timeline, you advise the DAF administrator (community foundation, Fidelity, Schwab, etc.) on the dollar amount and qualified nonprofit to receive the distribution
- Fund can be kept in cash, or invested for growth, allowing you to make annual gifts of income and principal during your lifetime
- You can specify that your children may advise on your DAF or which charities receive the remainder after your lifetime

# Donate During Lifetime with Your IRA

## Qualified Charitable Distribution (QCD) or IRA Charitable Rollover

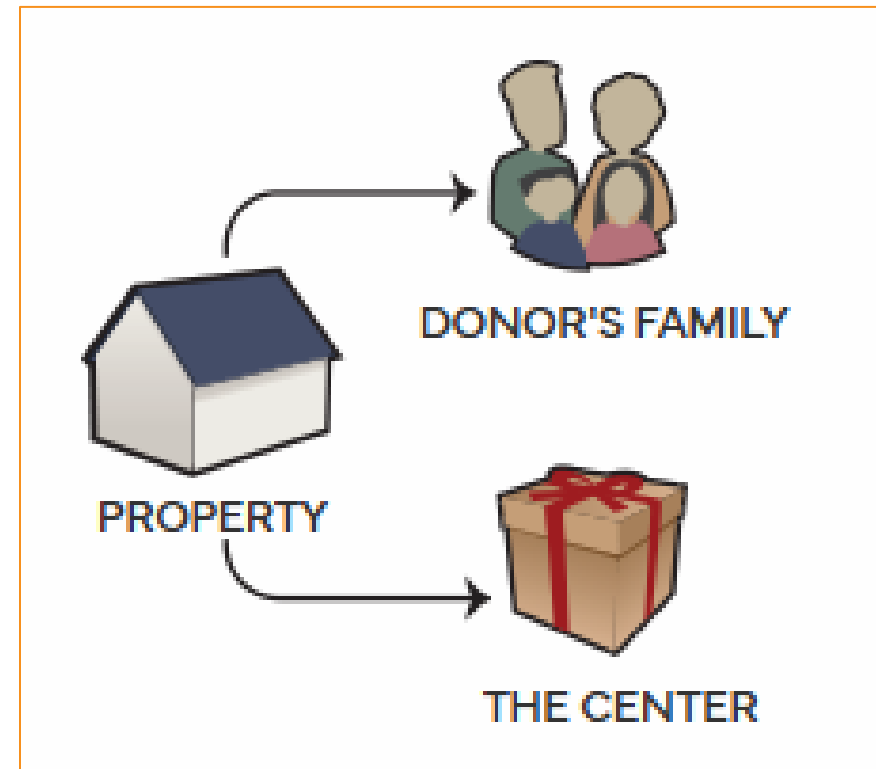
- Available if at least age 70 ½ and you have an individual retirement account (IRA)
- Avoid taxes on transfers of up to \$111,000\* directly from your IRA to a qualified charitable organization
  - \*Indexed for inflation, so the maximum changes annually
- If you are 73 or older:
  - Satisfy potentially all or part of your required minimum distribution (RMD) for the year
  - Reduce your taxable income without itemizing deductions
- Gift is not subject to the 60% cash deduction limits on charitable gifts (30% 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

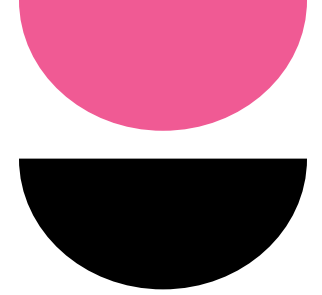
# Donate with a Will or Living Trust

## Bequest

- Name a nonprofit as a partial or full beneficiary in your will or living trust
- Gift occurs after your lifetime
- 100% of value passes to charity without taxation
- Reduces the value of your estate, potentially saving estate taxes



# Donate Life Insurance



## Existing Policy

- Name a nonprofit as beneficiary
- If you no longer need the policy, you can transfer ownership to the nonprofit and receive a tax deduction for the cash surrender value of the policy

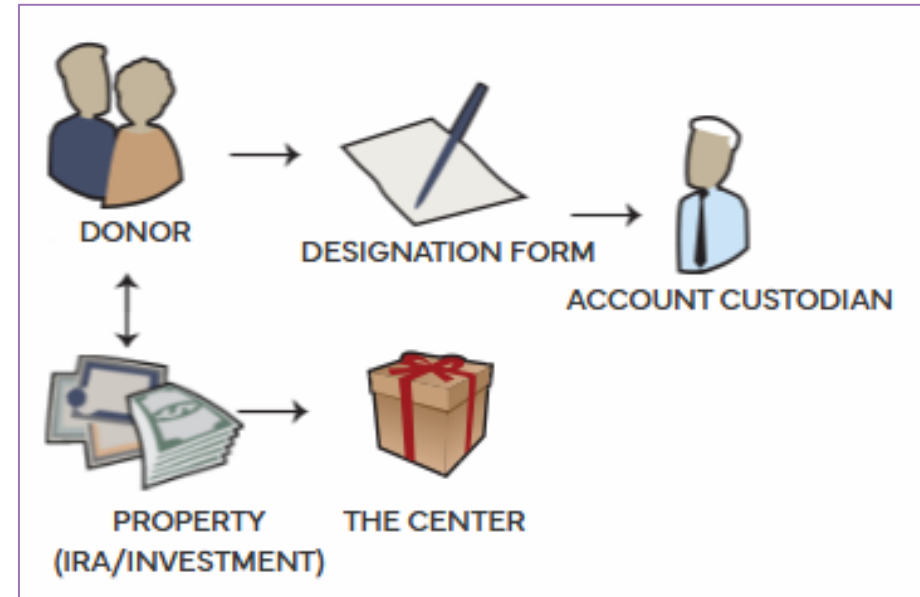
## New Policy

- Name a nonprofit as owner and beneficiary
- Make annual gifts to the nonprofit to cover the premium payments
- Take a tax deduction for the premium payments

# A Simple Way to Create Your Legacy

## Beneficiary Designation

- Name charity as a partial or full beneficiary of investments and other accounts:
  - Stock
  - Bank Account
  - Life Insurance
- Name charity as a beneficiary of pre-tax assets\*
  - IRA
  - 401(k) or 403(b)
  - Savings bonds
  - Commercial annuity



*\*Income in Respect of a 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.*

# Who Gets What Matters

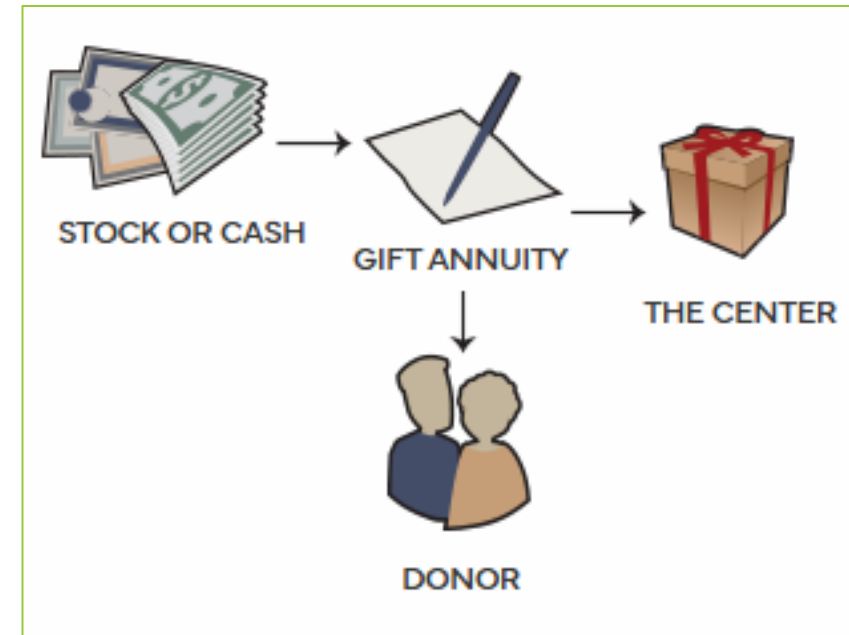
\$2.5 million estate = \$1.5 million IRA & \$1 million house

IRA (heirs); House (charity)		VS	IRA (charity); House (heirs)	
\$1,500,000	IRA to heirs		\$1,500,000	IRA to charity
\$555,000	Fed max tax			
\$199,500	CA max tax		\$1,000,000	House to heirs
\$745,500	Amount for heirs		\$0	NO TAX*
			\$1,000,000	Amount to heirs
\$1,000,000	House to charity			*Step-up in basis

# Make a Gift, Get an Income

## Charitable Gift Annuity

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



# Immediate Gift Annuity Rates

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

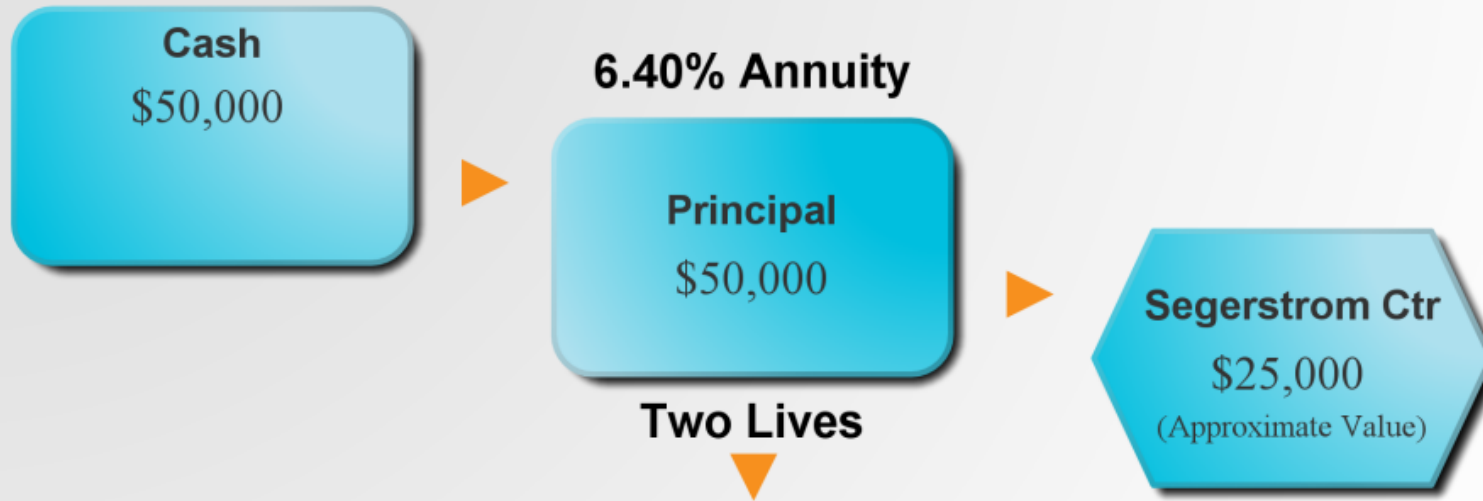
- The rate is based on the age(s) of the income beneficiary(ies) at the time the gift annuity is set up
- Once you establish a gift annuity, the payment never changes
- Only a new gift can qualify for a new rate
- A different rate chart is used for a two-life gift annuity
  - Two-life annuities payout at a slightly lower rate
- ACGA recommended rates are regularly evaluated
- Current rates became effective January 1, 2024

Age	Rate
60	5.2
65	5.7
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 Alex Sample (76)  
Prepared For Dylan Sample (76)



1. Gift property to charity. Donor receives contract for annuity payments. Income tax deduction of \$16,731 may save \$5,354.

2. Annuity of \$3,200.00 for two lives. Tax-free amount \$2,131.20. Estimated two lives payout of \$65,920. 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.



# Gift Annuity Lifetime Strategies

## Immediate Gift Annuity

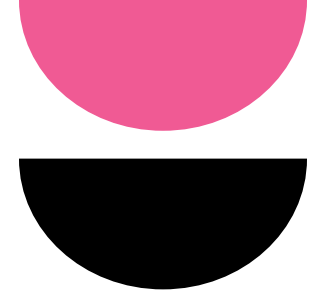
- Current tax deduction
- Immediate payment to income beneficiary(ies)
- Can be funded (once in a lifetime) from IRA as QCD up to \$54,000\*

## Deferred Gift Annuity

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

*\*Indexed to inflation, so maximum changes annually*

# Gift Annuity After Lifetime Strategy



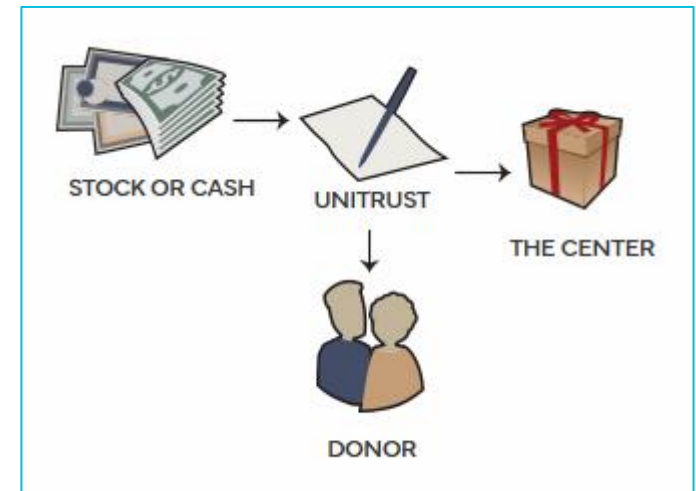
## Testamentary Gift Annuity

- Created at death of donor through their estate plan
  - Trust
  - IRA
  - Beneficiary Designation
- Provide annuity payment to beneficiary
- Great alternative to lump sum distribution

# Defer Capital Gains

## Charitable Remainder Trust

- Attorney drafts charitable trust
- You 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 = variable amount (revalued annually)
  - Annuity trust = fixed amount
- Remainder of trust becomes a significant gift to one or more charitable organizations



# Illustration

## Charitable Remainder Unitrust

Prepared For Alex Sample (76)  
Prepared For Dylan Sample (76)



1. Give asset, sell Tax-Free.  
Bypass up to \$750,000 gain may save \$112,500. Income tax deduction of \$490,070 may save \$156,822.

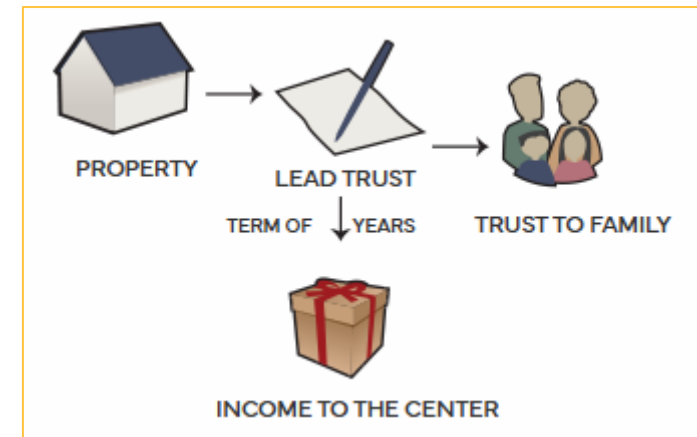
2. UT annual income \$50,000.  
Increased income \$10,000 over prior \$40,000 income. Estimated income in 20.6 years \$1,124,775. Effective pretax rate 5.93%.

3. If trust earns 5.89%, pays 5%, then grows by 0.89%. After two lives, trust passes without probate to charity.

# Wealth to Family, Minimize Taxes

## Charitable Lead Trust

- Attorney drafts charitable trust
- You contribute your property to fund a trust that pays a qualified nonprofit the income for a term of years, determined by you
- You receive a gift or estate tax deduction at the time of your gift
- After the term of years, your family receives the trust assets plus any additional growth in value



# Illustration

## Annuity Lead Trust

Prepared For Alex and Dylan 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.



# Other Tools to Know About

## Retained Life Estate

You can live in your home AND get a charitable deduction!

- Gift your home to a nonprofit and continue to live in 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 pay you while you live in the house (CGA)

## Bargain Sale

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

A Meaningful Plan

What Will Your  
Legacy Be?

# Your Lasting Legacy

A legacy gift is the ultimate – ***and usually largest*** – gift from an individual or couple to support the mission of a nonprofit.

Discuss with the nonprofit and your advisors 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 Legacy

- What's important to you?

## Notify the Nonprofit

- Explore options and ask for gift illustrations
- *Please* allow us to thank you!

## Discuss with Your Trusted Advisors

- CPA
- Wealth Manager
- Estate Attorney

## Share Your Plans

- Inspire others to make similar gifts



“ 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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Thank you!