Strategic FUNDING by Strategic DONORS

These strategies are not mutually exclusive. A donor can use several of them together to increase the impact of their charitable giving.

1 GIFTS OF APPRECIATED SECURITIES

Donate appreciated securities directly to a Donor Advised Fund (DAF) or nonprofit. A DAF gives you control over the timing to make distributions to 1 group (or more) over months or even upcoming years.

	CAPITAL GAINS SUBJECT TO TAX	TAXES PAID *(assume 24% tax bracket)*	AMOUNT DISTRIBUTED TO CHARITIES
SELL STOCK, THEN DONATE	$15,000	$3,600	$21,400
DONATE STOCK TO DAF OR NONPROFIT DIRECTLY	$0	$0	$25,000

EXAMPLE An individual or couple has appreciated securities that they have owned for at least a year. The securities were purchased for $10,000 and are now valued at $25,000 - a $15,000 gain. The donor(s) have 2 options: 1. Sell the securities, pay $3,600 in capital gains taxes and then donate the remaining $21,400; OR 2. donate the entire $25,000 to a DAF or nonprofit to receive a tax deduction equivalent to the full market value of $25,000.

2 "BUNCHING" TO MAXIMIZE CHANGES IN THE TAX LAW

Fund a Donor Advised Fund (DAF) with several years' worth of giving. The donor gets the tax deduction in the year of the gift, but funds can be distributed over time.

	2018	2019	2020
NO CHANGE IN STRATEGY - DONORS TAKE THE STANDARD DEDUCTION EACH YEAR	$24,000	$24,000	$24,000
"BUNCHING" 3 YEARS OF DONATIONS WITH A DONOR ADVISED FUND (DAF)	$40,000	$24,000	$24,000

EXAMPLE A couple has property taxes of $10,000 and gives $10,000 annually to charity for a total annual deduction of $20,000. Under 2018 law, they would take a standard deduction of $24,000, since it is greater than the $20,000. However, if they funded a Donor Advised Fund (DAF) in 2018 with $30,000 (3 years' worth of charitable deductions) their 2018 itemized deduction would be $40,000. The standard deduction of $24,000 would be taken in all other years, when their deductions totaled only $10,000.

ADDITIONAL STRATEGIES

3 MAXIMIZING AN EMPLOYER MATCHING CAMPAIGN

Many large employers provide charitable matching benefits, some as much as $10,000 per year!

$10,000 DONATION + **$10,000 MATCH FROM YOUR EMPLOYER** = **$20,000 TO GIVE TO THE CHARITIES YOU RECOMMEND**

EXAMPLE Make donations through your employer to your DAF at CTCF, **your employer matches that amount** and then YOU recommend distributions (in the timing you choose) to nonprofits.

4 GIVE DIRECTLY FROM YOUR IRA

up to $100,000

If you are **70.5 years old,** have an Individual Retirement Account (IRA) and are charitably - minded, make a Qualified Charitable Distribution (QCD).

Qualified Charitable Distributions (QCDs) up to $100,000 are excluded from taxable income but do count towards a Required Minimum Distribution (RMD). However, QCDs are not allowed as charitable itemized deductions.

5 ESTATE PLANNING TOOLS FOR GIFTS TO A FUND AT CTCF OR A NON-PROFIT ORGANIZATION

- Designate a Fund at CTCF as a full or partial beneficiary of your qualified retirement plan. You can create a new Fund or designate an existing one as the beneficiary.
- Include a Fund at CTCF or a nonprofit in your will as a bequest.
- Establish an endowment Fund at CTCF to benefit a particular organization. The gift can be invested, and over time, earnings may be used to make grants addressing community needs. Your gift–and all future earnings from your gift–is a permanent source of community capital, helping to do good work for years to come.