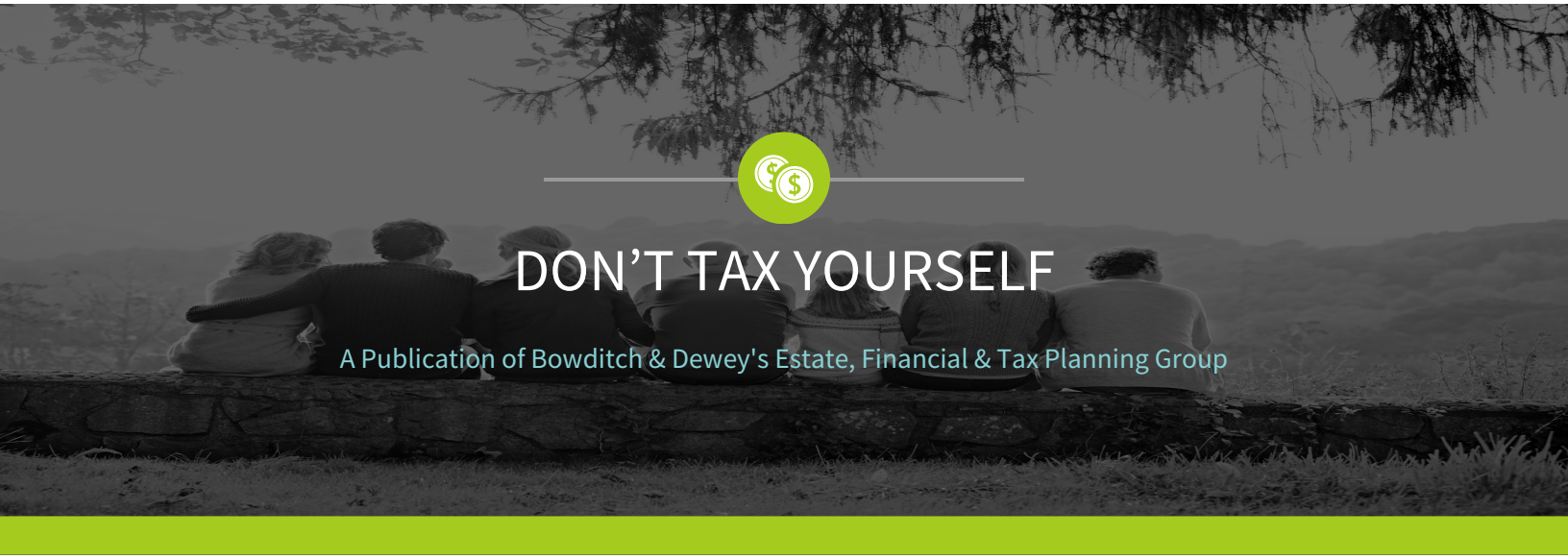

DON'T TAX YOURSELF

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Charitable Giving Strategies

BY KATHRYN E. SZEWCZYK • JUNE 30, 2017

If you have been looking for ways to give back this summer, you might want to try something different. The majority of people donate to charitable organizations through gifts of cash, but this may not be the most tax-effective way to make a gift. Many people have appreciated assets such as stock, mutual funds, etc. which can be ideal charitable gifts for many reasons.

You may want to consider a charitable donation of your appreciated assets which will avoid capital gains tax and also qualify you for a tax deduction equal to the value of the assets as of the date of the gift. Another option is a donor-advised fund, to which you can donate complex assets such as private company stock, LLC interests, real estate or even common investments; these assets will be monetized by the provider. Donating to a donor-advised fund will give you an immediate tax benefit in the year of the gift, and deductions exceeding the allowable limits can generally be carried forward for up to five years. However, donor-advised funds will allow you to make donations from the fund to individual charities over time, as you direct.

Your donated assets can also appreciate further in the fund with no capital gains tax to you, and you can continue to support your favorite charities for many years into the future. Your donor-advised funds can even be taken over by your heirs as long as there are assets remaining in the funds. So if you decide to support your favorite museums, nature conservancies, or any other charities of your choosing, you may want to consider a strategic charitable donation with added benefits.

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