Planned Giving

Submitted by a officer on Tue, 10/09/2012 - 3:02pm

Best Assets for Giving

IRA Qualified Charitable Distributions

IRA owners age 70½ and older have the ability to make charitable gifts directly from their IRAs of up to \$100,000. Income tax deductions are not available for IRA "qualified charitable distributions" but donors may save taxes anyway, where gifts take the place of required minimum distributions, which are generally 100% taxable. Note: This gift strategy first became available for the tax year 2006, but has been renewed by Congress annually since then, on a one-year basis. Please check with us on current availability of this gift technique. It's important that you coordinate IRA contributions with our office. We will need to provide you and your IRA custodian with important information and ensure that you receive appropriate tax receipts.

Cash

Cash is a frequently used asset for all forms of charitable gifts and provides the most immediate deductions. Every dollar you give will be deductible up to 50% of your adjusted gross income, if you "itemize." Excess deductions can be carried over and deducted in up to five future years. A \$1,000 contribution saves \$350 for a person in the 35% tax bracket, \$250 for someone in the 25% bracket. Tax savings are not the reason friends support our endeavors, of course, but they do enable supporters to do more than they might have thought possible. But the results may be better if you give investment assets that have gone up in value.

Investment Assets

People often are surprised to learn that there are different tax results from giving different types of property. Gifts of highly appreciated securities, for example, may be particularly favorable. If stocks have been owned more than one year, then donors can deduct not just their original cost, but also any "paper profit" present in the gift. Best of all, there are no capital gains taxes or net investment income taxes due when you give securities. Mutual funds and other types of investments offer the same advantages.

Call us before . . . you sell profitable stocks.

Real Estate

The tax benefits available for gifts of highly appreciated real estate are virtually identical to those for gifts of securities that have gone up in value. First, you avoid capital gains tax on your profit. Second, you receive an income tax charitable deduction for the full fair market value of the property you contribute.

Call us before . . . you sell investment real estate, vacation property or farm land.

Collectibles

Some of our friends find they have "hidden assets" that can help them in satisfying their philanthropic goals. Antiques, paintings and other "collectibles" – even patents and copyrights – can be valuable assets for giving. In many cases, the same favorable tax rules apply to

these gifts that apply to securities and real estate. Please check with us on the feasibility and tax results of gifts of unusual items.

Call us before . . . you sell collectibles at a profit.

Business Interests

Many of our friends own stock in their own businesses that can be given at extremely low cost, providing personal deductions that are "paid for" by the company.

Call us before . . . you sell your business, sell replacement stock from an employee stock ownership plan (ESOP) or plan for passing your business to the next generation.

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