

It's Already November – Have You Considered Your Year-End Charitable Strategy?

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It seems lately that as soon as Halloween ends, the holiday season begins and we all look forward to the end of the past year and the beginning of a new, and hopefully, wonderful exciting one. The air grows colder, the leaves are gone, and the days seem so short. We take stock of our successes over the past twelve months and we think about giving back to the community. There are, of course, many ways to give, but what may be best for one person may not be best for all. Certainly, the easiest way is to simply write a check. However, that may not be the best way for everybody. Why not consider the following ways to give, one of which may be a better way to go for you.

Donating Appreciated Securities – Let's say that you've done some wise investing, and you've hit the ball out of the ballpark on a specific investment. You want to sell the stock while it is high and lock in your success, but you hate the idea of paying tax on the capital gain. At the same time, you also want to make a gift to your favorite charity. Why not do both? Did you know that if you donate the shares to a qualified charity, you may be able to get a charitable deduction for the fair market value of those shares without having to pay tax on the capital gain? Better yet, since the charity is tax-exempt, it can sell the securities and avoid the capital gains tax as well. It's like you are turbo-charging your gift with a government subsidy. What could be better than that?

Qualified Charitable Distributions – If you are over 70 ½ years old, you must take required minimum distributions (RMD) from your IRA, whether you need the money or not. You also need to pay income taxes on these distributions. What if you could couple your charitable giving with your RMD, by giving the RMD directly to the charity of your choice and avoid the income tax? In fact, in 2014 and in many prior years, qualifying individuals could do just that in amounts of up to \$100,000. The law expired, however, in 2015. Do not despair though. This law has expired many times before, only to be brought back by Congress late in the tax year. As of the writing of this article, a bill is currently pending in Congress to bring it back in 2015. Keep an eye out for late-breaking news on this one.

Funding a Donor-Advised Fund - So you've had a great 2015, and you want to give back. But the year is quickly coming to an end and you don't know which organizations are deserving of your gift. No problem. Consider establishing a donor-advised fund, which is a fund established by making a charitable contribution to certain 501(c)(3) organizations which offer these philanthropic vehicles. The donee organization will separately account for your gift and hold on to those funds until you've decided what organization you wish to benefit. The charity who sponsors the fund will allow you to make future recommendations for grants to other charitable organizations from the fund. In this way, you can obtain the charitable deduction in the year of the gift, but decide later which organizations will receive the ultimate benefit of your generosity.

If you have any questions about any of your charitable goals, please feel free to reach out to Gary Botwinick, who Chairs our firm's Trusts and Estates/Taxation Practice Group.