

A Guide to Charitable Gifting Options

Harnessing the Power of Purposeful Giving

The days of a donor writing a check to charity and hoping their money is wisely used are in the past. Understanding the spectrum of current charitable gifting options enables donors to tailor their strategy for maximum charitable impact. The most common charitable gifting structures are summarized below.

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Private Foundation

A Private Foundation allows a donor and their family to be directly involved in philanthropic initiatives.

- The foundation's staff typically includes the donor and their family members.
- The foundation is responsible for overseeing investments, grantmaking, taxes, recordkeeping, and administration.
- The foundation is subject to tax on investment income.
- There is flexibility to support a broad range of charitable causes.
- There are lower donor income tax deduction limits and higher administration costs.
- Annual charitable distributions are required.

This approach suits donors who want to play an active role in managing a charitable organization.

Donor Advised Fund (DAF)

A Donor Advised Fund offers a streamlined solution for your charitable giving.

- Donations are deposited in an account managed by an advisory firm, ensuring centralized recordkeeping and administration.
- Distributions are required to be made to IRS qualified public charities.
- Donors receive an income tax deduction based on the value of contributed assets.
- Donors can suggest potential beneficiaries but cannot dictate that payments be made to a specific charity.

This strategy is best suited for a donor seeking a turnkey charitable solution with no direct control.

Charitable Remainder Trust (CRT)

A Charitable Remainder Trust provides lifetime income to the donor with the remainder interest going to charity.

- The donor receives an income stream for a certain term or for life.
- The CRT can sell appreciated assets tax-free, enhancing the donor's income stream.
- The donor receives an income tax deduction for the remainder interest expected to go to charity upon the donor's passing.
- The CRT trust can support IRS approved public charities and certain family foundations.
- The donor retains the ability to modify the charitable remainder beneficiary(ies) prior to death.

This strategy is ideal for donors holding highly appreciated assets who want to diversify their portfolio and receive income without incurring capital gains on the sale of the asset

Ready to shape your legacy and make a difference? Let's explore these charitable gifting options together. Contact our Estate Planning Services Group at EPS@ceritypartners.com and begin your journey towards purposeful philanthropy. You focus on what truly matters, while we simplify the complexities of managing your wealth.

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