

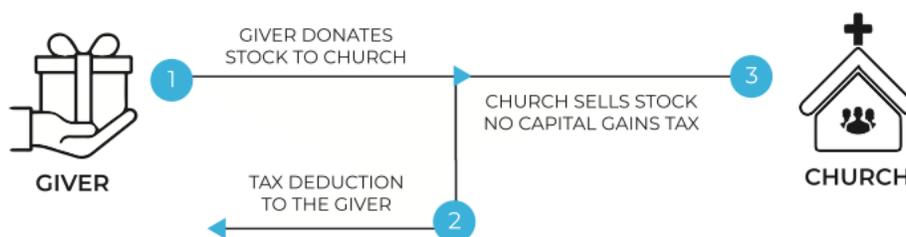
# NON-CASH GIFT OPTIONS

## Gifts of Stock

Gifts of Stock are an excellent option for non-profit gifts. Donating stock to a non-profit allows the giver to avoid capital gains tax. This means the non-profit receives the total value of the stock – potentially an additional 37% of the donation!

For example, if a giver owns appreciated stock worth \$27,400. The giver may pay up to \$7,400 in capital gains tax if it is sold, leaving only \$20,000 to give to the non-profit as a tax donation. Instead, the giver can donate the stock directly to the non-profit. The non-profit then receives the total \$27,400 value – and the giver can claim the full \$27,400 value as a deduction on their taxes.

*No matter the size of the donation, giving the stock directly typically increases the giver's gift amount by 37%*



## Donor-Advised Fund (DAF)

Donor-advised funds are tax-deductible financial accounts opened in the giver's name that enable a giver to donate funds and receive a tax-deduction immediately while deciding later which organization those funds will support.

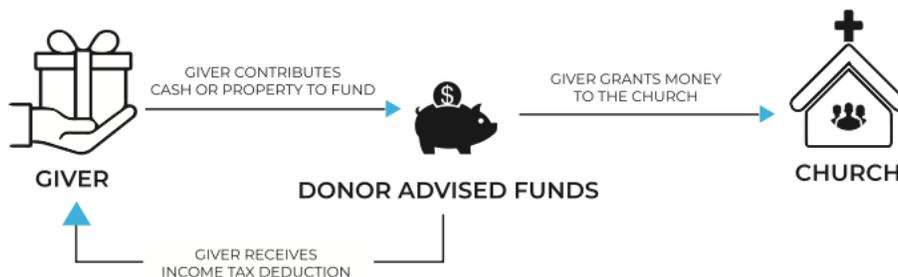
After a giver sets up a DAF, they can add money or appreciated assets into one of these funds and get the full tax deduction for the money or assets on the day they put them in the fund. And then, the giver can give the money out to the non-profit(s).

For example, instead of giving \$8k per year, the giver could give \$16k in year one and \$0 in year 2. Let's see what happens to their tax obligation.

Since they gave \$16k and have \$12k in mortgage interest and property taxes, they itemize in year 1 with total deductions of \$28k. Then, in year 2, they take the standard deduction of \$24k.

Over the two years, by bunching, their total deductions are \$52k instead of the \$48k. At an approximately 20% effective tax rate, that extra \$4k is worth

approximately \$800 in savings. That's the equivalent of a tax-free 10% return on sending that extra \$8k to the non-profit a year early.

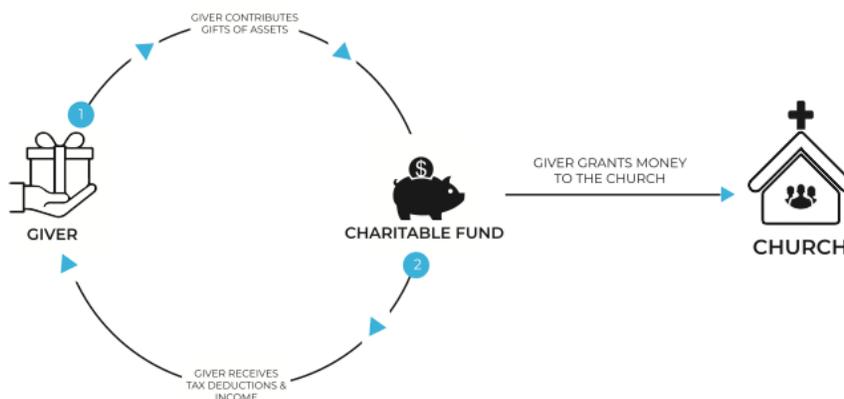


### Income-Producing Contributions

A charitable gift annuity is a simple contract between a giver and a non-profit. The non-profit agrees to make payments to the giver or others in exchange for a gift. These payments are made for life to one or two individuals and guaranteed by the general assets of the non-profit. The giver also receives an income tax charitable deduction.

The gift may be of cash, stocks, bonds, or shares of a mutual fund. At the end of the gift annuity term (the lifetime of the payment recipient(s)), the remaining value of the original gift is removed from the gift annuity fund and given to the non-profit.

For example, a 70-year-old wants to set up a \$10,000 gift annuity for a non-profit; it will pay 5.1%. The \$10,000 cash gift would assume a \$3,470 tax deduction, an annual income of \$510, and 80% of the payments are tax-free.



### Next Steps

Non-cash gifts may seem complicated and overwhelming, but with a bit of preparation and strategy, non-profits and givers can be blessed by these opportunities. We recommend reaching out to your financial advisor for assistance with these creative gift options.