STRATEGIES FOR EFFECTIVE YEAR-END CHARITABLE GIVING

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Life is unpredictable, and current world events make things seem even more confusing for everyone. A worldwide pandemic, war in Ukraine, stock market volatility and high inflation, just to name a few; all have hit each of us differently over the last couple of years.

Americans are known for their generosity, even in lean times. Individually and as a nation, we support each other, particularly those we know to be in worse conditions than our own. Similarly, the needs in the nonprofit community are often heightened when the economy is struggling, which is good incentive for those inclined to give to continue to do so in uncertain times; but it is wise to give in the most effective and impactful ways possible.

The following are several lesser-known strategies to consider when making plans for charitable giving prior to year-end:

CONSIDER GIVING ASSETS (OTHER THAN CASH)

Low Basis (Appreciated) Stock. While many individuals simply write checks to their favorite charity, cash may not always be the most effective asset to give and may in fact reduce the amount actually going to the charity. Despite declines in the markets this year, many individuals still have appreciated assets in their portfolios as a result of better performance over the last decade. Selecting stocks to give that have been held for longer than one year ("long term"), rather than cash, to a charity generally qualifies for a tax deduction for the fair market value of the gift. The result is a greater amount to the charity than if the individual sold the appreciated position and donated the cash to charity (which would also generate a tax to the individual). The donor may potentially eliminate the capital gains tax rate of 20% as well as the Medicare surtax of 3.8%. While conducting year-end reviews of your investment portfolios with your adviser, be on the lookout for assets that no longer fit within your recommended allocations. Rather than simply selling the position, consider giving the stock to charity. Even better, if appropriate, often the same security can be repurchased at a higher basis, which permits establishment of a new cost basis in the same equity thereby potentially minimizing future tax liability upon sale.

Closely-Held (Private) Business Interests. Making a gift of private business interests to charity well in advance of a potential sale, merger or other acquisition event may provide favorable tax benefits to the owner. Further, use of a donor advised fund, rather than a private foundation, may be a better option for such a transfer as it may allow for grants to multiple charities with just one asset and potentially simplify what may be a complex transaction. It is also possible to minimize capital gains as well as tax deductions available for the current fair market value of the interest (as opposed to the donor's original cost basis). Note: For this type of gift, timing is of the essence and must be completed well in advance of any formal agreement to enter into a transaction involving the donated asset.

BE "TAX SMART" IN GIVING-Bunching Gifts. Increases in the



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amount of the standard deduction in recent years has served to drastically reduce the number of taxpayers who itemize deductions, including charitable gifts. For individuals who have

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