

COMMUNITY GIVING FOUNDATION'S PROFESSIONAL

ADVISOR

NEWSLETTER

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Gearing up for tax time and a love for local.

Greetings from the Community Giving Foundation! As is usually the case early in the year, the first quarter of 2024 is full of opportunities to revisit tax rules and planning techniques related to charitable giving. The team at the Foundation appreciates the opportunity to work with you and your philanthropic clients to structure giving vehicles to meet your clients' goals for making a difference in the community.

This month, we're covering two topics that are particularly relevant during the first quarter.

- Attorneys, accountants, and financial advisors are starting to hear questions that clients often ask about charitable giving as they are gathering information for their income tax returns. At the [Community Giving Foundation](https://csgiving.org), we're here to help answer questions on any charitable giving topic, ranging from tax deductibility to the advantages of non-cash gifts.
- Local giving is frequently on your clients' radar. The Foundation is happy to talk with you and your clients anytime about the ways our team can help your clients maximize their gifts to local organizations to improve the quality of life right here at home, whether that's by addressing the most pressing needs right now or in the future as they emerge.

Thank you for your continued partnership, and please contact us at any time.

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FAQs: A snapshot of clients' tax-time charitable giving questions.



The year is in full swing. Attorneys, accountants, and financial advisors are asking clients to start gathering tax documents and related paperwork for 2023 tax returns and 2024 planning. Now is a good time for advisors to review a few basic tax principles related to charitable giving. Here are three questions that are top of mind for many advisors, along with answers that can help you serve your clients.

How important is it to high net-worth clients to get a tax deduction for gifts to charity? Among clients who own investments of \$5 million or more, 91% of those surveyed [reported](#) that charitable giving is a component of their estate and financial plans. In another [study](#), most affluent investors cited reasons for giving well beyond the possibility of a tax deduction and would not automatically reduce their giving if the charitable income tax deduction went away. What this means for your practice is that it's important to be aware of your clients' non-tax motivations for giving, such as family traditions, personal experiences, compassion for particular causes, and involvement with specific charitable organizations. This also means it's critical to talk about charitable giving with all of your clients because it's likely that most consider it to be important.

Why do clients so often default to giving cash? Many clients simply are not aware of the tax benefits of giving highly-appreciated assets to their donor-advised or other type of fund at the Community Giving Foundation or other public charity. Even if they are aware, they forget or are in a hurry and end up writing checks and making donations with their credit cards. It's really important for advisors to remind clients about the benefits of donating non-cash assets such as highly-appreciated stock, or even complex assets (e.g., closely-held business interests and real estate). When clients give these assets in lieu of cash, they often can reduce—significantly—capital gains tax exposure, and they can calculate the deduction based on the full fair market value of the gifted assets.

What are the basic deductibility rules for gifts to charities? It's important to know that the deductibility [rules](#) are different for your clients' gifts to a public charity (such as a fund at the Community Giving Foundation) on one hand, and their gifts to a private foundation on the other hand. Clients' gifts to public charities are deductible up to 50% of AGI, versus 30% for gifts to private foundations. In addition, gifts to public charities of non-marketable assets such as real estate and closely-held stock typically are deductible at fair market value, while the same assets given to a private foundation are deductible at the client's cost basis. This difference can be enormous in terms of dollars, so make sure you let your clients know about this if they are planning major gifts to charities.

So, what's the first step? Reach out to the team at the Community Giving Foundation and review the resources available on [our website](#)! Make it a habit to mention charitable giving to your clients. From that moment on, whenever the clients' charitable priorities, consider our team to be your behind-the-scenes back office and support department to handle all of your clients' charitable giving needs.

Tips for serving clients who love local.

Your charitably-minded clients certainly have no shortage of options for their philanthropic dollars. Many clients use their donor-advised funds, for example, at the Community Giving Foundation to support favorite charities across the region, including alma maters, organizations in the communities where they've lived in the past or have a second home, or charities in communities where their grown children are now living.

Many clients, though, are also deeply committed to the local community where they're living now, where they've raised their children, and where they've built a business. That's why it's helpful to remind clients that they can reach out to the [team at the Community Giving Foundation](#) when they want to make sure their dollars are making the biggest difference possible right here in our community. Indeed, local giving satisfies

many clients' commitment to "take care of our own". The unfortunate steady flow of crises and even disasters, coupled with decreasing state and federal funding to local nonprofits, means that philanthropy is playing an increasingly important role in our region. The Community Giving Foundation, through our wide variety of fund types available to your clients (including endowment funds to support the community in perpetuity), can help you clients achieve their goals for local support, whether that takes the form of disaster recovery, supporting families in need, funding critical workforce development, or paving the way for historic preservation initiatives.

The Community Giving Foundation team is always happy to provide insight into the challenges our community is facing right now and which organizations are delivering services to alleviate those needs so that your clients can provide immediate support through their donor-advised funds.



In addition, an unrestricted fund may be a god fit for clients who want to improve lives, right here in this community, for generations to come, whatever challenges our region may face at any given point in time. An unrestricted fund may be particularly compelling for your clients who are 70 ½ or older. These clients may be eligible to make annual distributions up to \$105,000 per spouse from their IRAs directly to an unrestricted fund at the Community Giving Foundation. This transfer is called a "Qualified Charitable Distribution" or QCD. Not only to QCD transfers count toward satisfying required minimum distributions, but your client also avoids the income tax on those funds. Furthermore, those assets are no longer part of the client's estate upon death, so the client can avoid estate taxes, too.

Please [reach out to the team at the Foundation](#) for more information on how your clients can support both current and future local needs, and also meet their own financial, tax, and generational legacy goals.

The team at the Community Giving Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. Learn more at csgiving.org/professional-advisors. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.



The Community Giving Foundation is a 501(c)(3) organization that develops, manages, and distributes funds for charitable purposes in communities across the Central Susquehanna region of Pennsylvania.

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