COMMUNITY GIVING FOUNDATION'S

PROFESSIONAL ADVISOR NEWSLETTER

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Tax time blues, generational shifts, tax reform.

Hello from the Community Giving Foundation! Here we are, right in the middle of another tax season. The years go by so quickly! Of course, preparing clients' tax returns and planning for the year ahead are top of mind for attorneys, CPAs, and financial advisors. The team at the Foundation is happy to share three updates that might help you navigate your work with charitable clients over the next few weeks.

- Tax time really is hard! Financial realities, procrastination, and, especially this year, potential **tax law changes** loom large for your clients. Learn how philanthropy can be a bright spot during an otherwise challenging season.

- The **transfer of wealth** is real, and it is upon us! Discover how the Foundation can help you engage your clients in meaningful conversations about their charitable wishes. Now is the time to set philanthropy plans in motion.

- If you have a hard time keeping up with pending legislative changes that could impact your clients' charitable giving plans, you are not alone! The Foundation is here to keep you and other attorneys, CPAs, and financial advisors up-to-date on how **ever-evolving tax laws** may shape philanthropy.

The Foundation is honored to be your first call for all matters related to charitable giving. In most cases, we can help! If not, we will point you and your clients in the right direction. We look forward to working together.

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Tax time blues: Why ***is*** this so hard?

After the holiday glow has finally worn off, your clients may be hit with a sinking realization that it's time to pull together tax information and start working with their CPAs, financial advisors, and tax attorneys on the filings for last year and start checking in on current-year strategies.

Tax time can be stressful for your clients for a number of reasons, and this year is no exception:

1. A shifting legislative environment is making it difficult for you and your clients to update financial plans and tax strategies with certainty. It's hard to instill confidence in your clients when you, the professional, know that so much is up in the air.

2. The psychological hit that comes with facing financial realities such as income, debts, and losses—never mind the taxes themselves—can trigger emotional drain. This is sometimes aggravated by a client's tendency to procrastinate.

3. An abundance of readily-available information about tax preparation can complicate your ability to advise clients. Clients may have seen articles and posts that suggest a "wait-and-see" approach, or simply read information that does not apply to them. So, as you set out to counsel your clients, you may first have to overcome the hurdles of misplaced assumptions and misinformation.

But, there's a bright spot! Many advisors find that the topic of charitable giving can lift clients' spirits, even during a stressful tax season. Philanthropy can draw positive emotions to the surface. As you work with your clients over the next few weeks, be sure to talk about charitable giving. Many of your clients, for example, have already established donor-advised or other types of funds at the Community Giving Foundation. Other clients could benefit from getting started with the Foundation right away.

Please reach out to our team, we are honored to be your first call when you're immersed in tax and financial planning matters and the topic of conversation shifts to philanthropy. We are here for you and your charitable clients during tax season and throughout the year.

Generational shifts: Fulfilling clients' charitable wishes.

Chances are, you've already begun to notice that a major transfer of wealth is happening as your Baby Boomer clients establish financial and estate plans to pass their wealth to their Gen X and Millennial children.

The dollars involved are eye-popping. Most attorneys, financial advisors, and CPAs have seen the Cerulli study's estimate that $124 trillion in wealth in the U.S. will transfer through 2048. The research estimates that most of this wealth—$105 trillion—will pass directly to children, grandchildren, and other heirs. And, notably, the study estimates that $18 trillion will flow to philanthropy.

As the transfer of wealth gains momentum, advisors have a major opportunity to position themselves as trusted experts who can help clients not only structure efficient lifetime and estate gifts to heirs, but also help ensure that clients' charitable wishes are achieved. It's crucial for advisors to know that the Community Giving Foundation is here to help incorporate philanthropy into clients' financial and estate plans. Here's why this is so important:

1. **There's a knowledge gap.** Clients may not be aware of the options and benefits of charitable planning. Even many of your affluent clients may still be writing checks to their favorite charities, not realizing that gifts of appreciated stock, for example, can be more tax-efficient, and that tools at the Foundation, such as donor-advised funds, can be incredibly useful.

2. **Next-level strategies are key.** Your ultra-wealthy clients will likely need to implement sophisticated strategies for transferring assets smoothly and tax-efficiently. Clients want to maximize the results of their charitable gifts while also protecting their families' interests. Leaning on the Foundation to help structure gifts of complex assets, such as closely-held business interests, can make a huge difference in reducing a client's tax bill and achieving meaningful community impact.

3. **Legacy planning starts now.** It's tempting to put off addressing a client's wishes to support favorite charities in an estate plan. "We'll look at that in a few years," is a common but less-than-ideal approach. That's because charitable bequests are best addressed as part of a comprehensive estate and financial plan. Naming a fund at the Foundation as the beneficiary of a client's IRA, for example, is an extremely tax-efficient way to accomplish charitable wishes.

Our team is here to augment your expertise in charitable giving strategies. Not only will you be better able to meet clients' needs, but you'll also strengthen relationships and improve client retention. Please reach out to learn more about how the Foundation can help your clients make a lasting impact with their wealth while achieving their financial goals.

Caught by surprise? In case you missed it, here's what's going on.

Keeping up with an ever-evolving landscape of tax legislation can be a full-time job! Many attorneys, CPAs, and financial advisors regularly ask the Community Giving Foundation to provide a refresher course on the potential tax changes on the horizon in 2025, especially those that might impact charitable planning techniques. Here's a quick rundown of three things you need to know:

1. **Sunsetting provisions of the Tax Cuts and Jobs Act of 2017.** The TCJA's scheduled expiration at the end of 2025 will revert key tax policies to pre-2017 levels, potentially affecting charitable giving incentives. For example, the top individual tax rate is scheduled for a bump from 37% to 39.6%, potentially increasing the benefits of charitable tax deductions for your high-income clients. At the same time, the limit for cash donations to public charities is slated to drop from 60% of AGI to 50%, reducing the deduction for some of your clients. Finally, the estate tax exemption is scheduled to drop to approximately $7 million per individual. Because the exemption would nearly be cut in half, and therefore more estates would be subject to tax, a larger subset of your clients could benefit from charitable bequests to avoid estate tax. All of this assumes, of course, that intervening legislation won't prevent the sunset.

2. **Potential expansion of charitable deduction.** Proposals like the Charitable Act aim to introduce a universal deduction for non-itemizers, broadening tax incentives for your clients across income levels. The bill is still popular among industry leaders and appears to have maintained momentum since it was introduced.

3. **Consequences remain to be seen.** Above all, the 2025 “cliff” may trigger the first major tax code rewrite in decades, which in turn surely would have a ripple effect in many areas of your clients’ lives, including within the charities your clients support. Post-TCJA, for example, charitable giving dropped by as much as $20 billion, according to one study, in the wake of reduced tax benefits.

The bottom line here is that we’ve got you! The team at the Community Giving Foundation stays on top of legal developments at the intersection of tax policy and charitable giving. We keep our fingers on the pulse of potential implications for you, your clients, and the charities they support, and we are here to help you navigate the changes. Please reach out!

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.

Community Giving FOUNDATION™

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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