

COMMUNITY GIVING FOUNDATION'S

PROFESSIONAL ADVISOR

NEWSLETTER

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A conversation-starting case study and what clients are thinking.

Hello from the [Community Giving Foundation](https://csgiving.org)! Summer is in full swing. We've heard from many advisors that you're taking advantage of this season's change of pace by planning ahead for the fall, when many clients decide to move forward with updates to their estate and financial plans. With that in mind, we're sharing tips and trends that can help pave the way for those conversations.

- Introducing the topic of charitable giving during client meetings can be challenging because there are so many other issues you need to cover in a short amount of time. Walking a client through a case study can help, especially when that case study illustrates **the ways charitable giving and tax savings are intertwined**. The Foundation is happy to provide examples to break the ice.
- In your role as a tax, estate planning, or financial advisor, you're always seeking ways to help your clients meet their goals for retirement, provide for family members, transfer wealth to heirs, and support the charities they care about. **Knowing what clients may be thinking** related to charitable giving can help you address the philanthropic components of a client's estate and financial plan.

Please [consider the Foundation](https://csgiving.org) to be your first call whenever the topic of charitable giving arises in your client discussions. We're committed to helping your clients make a difference in the community we all love. Thank you for your partnership!

Alyssa Meyers-Sanonu, Foundation Director of Philanthropy
570-850-3504 (cell) • ameyers-sanonu@csgiving.org

Start with numbers: A case study for charitable clients.

As an estate planning, tax, or wealth advisor, you play a critical role in helping your clients maximize the impact of charitable giving while also optimizing tax benefits. Unfortunately, a 2023 [survey](#) found that only 19.2% of advisors regularly discuss charitable giving with clients, and another 44.2% do so only occasionally.

Community Giving Foundation can help! Our team is here as a sounding board for everything related to charitable giving. So, when the topic arises and your clients are interested in evaluating strategies for supporting the causes they care about, just loop us in.

Of course, this still means you'll be looking for ways to bring up the topic in the first place. One of the easiest ways to do that is to talk with your clients about the [benefits](#) of donating highly-appreciated assets, such as stocks or real estate, to a fund at the Foundation. To help with that conversation, consider discussing the example of Alice, a hypothetical client.

Alice earns more than \$500,000 per year. She wants to make a \$10,000 gift to the Community Giving Foundation's nonprofit emergency fund. Alice holds shares of Apple, Inc., which she purchased more than 20 years ago—and the value of the shares has increased significantly. Alice also holds plenty of cash.

Alice is weighing writing a check to the Foundation for \$10,000 or transferring shares of Apple stock with a total value of \$10,000. Of course, as an advisor, you know that it's more advantageous for Alice to give the stock. But it might help to break it down into real numbers when you talk with her.

- Alice's annual income of more than \$500,000 lands her at a Federal marginal tax rate of 37% and a Federal long-term capital gains tax rate of 23.8% (20% plus the 3.8% Net Investment Income Tax).
- Let's assume that Alice itemizes her income tax deductions, and that Alice's cost basis in the \$10,000 worth of Apple shares is \$2,000.
- If Alice gives cash to the Foundation and claims a charitable deduction of \$10,000, the resulting Federal tax savings will be \$3,700, bringing the net cost of the donation to \$6,300.
- On the other hand, if Alice were to donate \$10,000 of Apple stock to the Foundation instead of giving cash, the tax result would be much better because Alice would avoid an unrealized capital gain of \$8,000, equating to \$1,904 in capital gains tax avoided.
- The Federal income tax savings of \$3,700, plus the \$1,904 in capital gains tax avoided, results in a net cost to Alice of \$4,396 for the \$10,000 gift.
- The upshot here is that the gift to charity is \$10,000 in either case, but giving cash "costs" Alice \$6,300 while giving stock "costs" her just \$4,396.

Of course, the benefit of donating highly-appreciated assets to the Foundation are just the beginning. Charitable conversations with your clients lead to many productive discussions about

maximizing lifetime giving, legacy planning, involving the next generation, and so much more. Please [reach out](#) to our team anytime! We're happy to share more ideas and examples of the many ways your clients can make a difference.



Charitable mindset: What are clients thinking?

Don't you wish you could read your clients' minds? Understanding what clients really care about is crucial to constructing any estate or financial plan. When it comes to charitable giving, you can be a step ahead. Plenty of research offers clues about what matters most to your philanthropic clients.

For starters, the numbers show that year after year, people are giving money to U.S. charities—to the tune of \$592.50 billion in 2024 alone according to [Giving USA](#). Indeed, most of your clients are probably philanthropic—more than [85%](#) of affluent households give to charities each year. Here's what else they may be thinking:

“We want to make the world a better place, starting right at home.” The importance of a local connection is a common [theme](#) throughout various research studies on the motivations for charitable giving. A widely cited peer-reviewed [study](#) conducted by the University of Chicago Booth School of Business found that people are more likely to donate to local charities than distant ones. The team at the Foundation certainly witnesses this every day as we work with donors to address local needs by supporting charities right here in our community. The Foundation is honored to be a resource for you and your clients to structure charitable gifts that make the biggest difference.

“We really enjoy giving to charities.” Philanthropy is a [positive](#) experience for the benefactor, not just the beneficiaries. [Research](#) suggests that the benefits are both psychological and

physiological. This is in sharp contrast to something clients may view as a mostly negative or [stressful](#) experience—updating financial and estate plans. Estate planning forces clients to confront uncomfortable topics such as their own mortality, potential incapacity, and the possibility of family conflict, not to mention the complexity of the planning process, fear of making the wrong decisions, and anxiety about financial security. By infusing charitable giving into the conversation, you're taking the pressure off the uncomfortable topics and potentially lifting the mood of the entire process.

“We want to be sure we are making a difference.” Philanthropists, by definition, seek to create positive [social change](#) and are often eager to address complex issues. Indeed, at this moment in time, [commentary](#) has suggested that philanthropy may be re-examining its role amid global “polycrises” by considering not just the material resources it provides but also its potential to lead within organizations, across the sector, and in society at large. The Foundation is uniquely positioned to help your clients expand their philanthropic portfolios to include not only ongoing financial support for charities, but also advocacy and structuring unrestricted endowments or other long-term vehicles to support sustained positive change.

The Foundation team stays closely connected with the full range of nonprofits in our region, and that expertise is invaluable to help your clients achieve the impact they're seeking to address critical community needs. Please [reach out](#) to anytime!

Recent tax legislation: Insights for philanthropy.

The **One Big Beautiful Bill Act** was signed into law earlier this month, reshaping policy across major sectors of the U.S. economy. Included were several provisions that impact philanthropy. Community Giving Foundation recently shared three major takeaways for donors, nonprofits, and professional advisors navigating charitable planning opportunities. [Read the insights here!](#)

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.

725 West Front Street • Berwick, PA 18603 • 570-752-3930 • csgiving.org