

COMMUNITY GIVING FOUNDATION'S

PROFESSIONAL ADVISOR



NEWSLETTER

csgiving.org/professional-advisors

Urgent needs, tax law changes, and opportunities for charitable giving.

Greetings from the [Community Giving Foundation](https://csgiving.org)! Your clients are likely aware that many families are struggling right now, and some clients may ask for your advice about how they can help. Whether increased community needs are triggered by a government shutdown that disrupts paychecks, services, and community programs, a natural disaster, or economic factors, the Foundation is committed to working alongside you and your clients to structure charitable giving plans that make a real difference in the lives of people in our region. Here are a few examples of how our team can help:

- **Deep community knowledge.** The team at the Foundation has its finger on the pulse of which organizations are serving families in crisis. During these difficult times, charities in our community can be stretched thin attempting to meet the rising demand of food, rent, and utility assistance. The Foundation knows where dollars are most needed and how those dollars translate into immediate impact.
- **Fast, flexible vehicles.** Your clients who have already established donor advised funds at the Foundation can use those vehicles to provide support to charities on the front lines of emergency assistance in our community. The Foundation makes it fast and easy for grants to flow out of donor advised funds to qualified and vetted organizations that are doing the work on the ground.
- **Window of opportunity.** The urgency of community needs in late 2025 coincides with an important window of opportunity for your clients who itemize their income tax deductions. Under the One Big Beautiful Bill Act (OBBBA), limits on charitable deductions will tighten beginning in 2026. That means some clients may want to “front-load” or “bunch” contributions—such as by giving more this year through establishing or adding to a donor advised fund—to maximize both their tax benefits and their impact.

- **Build future resiliency.** Unfortunately, community crises are not unusual. The Foundation can help your clients strengthen our community's ability to respond to urgent needs, regardless of when and why they occur. For this reason, many people not only give to favorite charities through their donor advised funds, but they also give regularly to the Foundation's dedicated and flexible response funds to ensure that dollars are in place to support people in need the moment the next crisis hits.

What's more, **November 12-18 marks National Community Foundation Week**, a time set aside to recognize the vital role community foundations play in strengthening local philanthropy and supporting the charitable goals of individuals, families, and businesses. For attorneys, CPAs, and financial advisors, it's an ideal reminder that the Foundation is your partner in helping clients achieve both their financial and philanthropic objectives. Across the country, more than 800 community foundations serve as trusted stewards of charitable capital, offering donor advised funds, legacy planning expertise, and deep knowledge of local nonprofits and community needs. We invite you to reach out to learn how we can help you structure charitable giving plans that maximize tax benefits for your clients while creating lasting impact right here at home.

It is our honor to [work with you](#) and your charitably-minded clients!

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Donor advised funds: Flexible, tax-friendly, and just the beginning.

As attorneys, CPAs, and financial advisors, you've no doubt noticed that financial publications' [coverage](#) of donor advised funds is increasing. This is no surprise, considering that these popular vehicles can help your clients achieve both their financial and philanthropic goals.

What many advisors don't realize is that a donor advised fund at Community Giving Foundation is not only useful as a standalone tool, but even more importantly, it can serve as the flexible foundation of a client's overall charitable giving portfolio. Here's how this works:

Organize annual giving. Fundamentally, a donor advised fund offers a centralized way for a client to manage gifts of cash, appreciated stock, and other assets while maintaining flexibility in timing grant distributions to favorite charities. This flexibility is especially important for some clients as a planning tool in 2025 before the new floor and cap [kick in](#) next year on itemized charitable deductions. ["Bunching"](#)—or front-loading—multiple years of charitable contributions into a donor advised fund this year can create meaningful tax advantages and provide a ready reserve of philanthropic capital for years to come.

Wide range of tools and resources. The donor advised fund itself is just the beginning! Beyond enjoying convenience and tax efficiency, your clients who establish donor advised funds at the Foundation can work closely with our knowledgeable team to access even more charitable giving resources and vehicles that align with your clients' charitable goals.

Community impact. The Foundation's deep understanding of local nonprofits and community priorities can help clients enhance their engagement and impact. Our team provides [insights, research, and connections](#) that help your clients understand where their dollars make the most difference—turning charitable intent into meaningful outcomes.

A variety of fund types. The Foundation offers a wide range of options beyond just donor advised funds. A designated fund, for example, enables your client to provide long-term support to specific organizations. A field of interest fund targets specific causes your client cares about that are being addressed in the community by several nonprofits or the Foundation itself.

Giving from IRAs. A client who is 70 ½ or older can transfer Qualified Charitable Distributions (QCDs), up to \$108,000 per taxpayer (2025 IRS limit), from IRAs to a designated, field of interest, or unrestricted fund at the Foundation, and in the process, bypass taxable income.

Legacy strategies. The Foundation team is happy to help you integrate legacy planning strategies into clients' charitable giving portfolios. Whether through bequests in wills and trusts, or through beneficiary designations on life insurance or retirement accounts, naming a donor advised or other fund at the Foundation allows your clients' charitable intentions to extend across future generations. The Foundation offers ongoing support and stewardship, ensuring clients' charitable intent is preserved and aligned with evolving community needs over time.

What's the bottom line here? Partnering with the Foundation helps your clients' donor advised fund function not only as a tax-efficient giving vehicle, but also as the dynamic, flexible foundation of a comprehensive charitable portfolio—built to adapt through changing tax environments and community priorities.

**Bread and butter strategy:
QCDs for clients 70 ½ and older.**

As the economic and legislative environment continues to evolve, advisors are sharpening every tool they have to help clients meet both their financial and charitable goals. Provisions enacted as part of the One Big Beautiful Bill Act are prompting renewed focus on strategies that merge tax efficiency with meaningful community impact. Among the most powerful tools in this space for clients age 70 ½ and older is the **Qualified Charitable Distribution (QCD)**.

IRA assets in the United States total nearly [\\$18 trillion](#), and the vast majority of your clients likely own at least one IRA. You're likely very aware that traditional IRAs are among the most heavily taxed assets for retirees because withdrawals are generally treated as ordinary income, often pushing retirees into higher tax brackets when they begin taking required minimum distributions at age 73. In addition, IRAs are fully includable in the owner's taxable estate, meaning heirs may face both estate taxes and income taxes when they inherit the account. This double layer of taxation can significantly erode the value of an IRA, making it one of the least tax-efficient assets to pass to beneficiaries compared to other holdings.

Against this backdrop, the QCD can come in very handy. A QCD allows an individual aged 70 ½ and older to give up to \$108,000 in 2025 directly from an IRA to an eligible charity. As a result, the QCD is a tax-savvy way for clients to fulfill charitable intentions while managing taxable income. Here's why QCDs are more important [now](#) than ever:

- Although the OBBBA doesn't directly change QCD rules, it's likely to make them even more relevant. The reason is that QCDs reduce adjusted gross income (AGI) rather than operating as an itemized deduction. That distinction is crucial because the OBBBA will continue to influence how many taxpayers itemize, particularly older adults.
- Because a QCD can count toward required minimum distributions (RMDs) without increasing taxable income, it provides a double benefit—supporting charitable organizations while helping to manage income-related Medicare surcharges (IRMAA) and preserving tax credits and deductions that phase out as AGI rises.
- Starting in 2026, under the OBBBA, the Internal Revenue Code will impose a 0.5 percent of AGI floor for deducting charitable contributions, and also limit the value of those deductions for high-income taxpayers by capping the benefit at 35 percent, even when the taxpayer's top marginal rate is 37 percent. The practical impact is that your high-income-earning clients will experience reduced tax advantages from traditional itemized charitable deductions in the years ahead.

The team at Community Giving Foundation can help you structure a QCD that supports the causes your clients care about—whether through a field of interest, designated, or unrestricted fund. While donor advised funds can't receive QCDs, many families work with the Foundation to maintain multiple types of funds side by side.

Now is the time to revisit these strategies with your clients. [Together](#), we can help them give meaningfully, reduce tax exposure, and make an impact in the community we all love.



Rare but powerful “charitable exits”: Know it when you see it.

If your client base includes business owners, you’re no doubt at least generally aware of the **benefits of giving closely-held business interests to charity**. Beyond that, though, the details may get fuzzy. That is totally understandable! Most advisors encounter only a few of these opportunities over an entire career. The key is to be able to recognize the opportunity so you can reach out to the Foundation team to help you make the most of it for your client.

Let’s take a look at how this plays out for a hypothetical client, Alex Monroe, who may have a few things in common with your actual business owner clients.

- When Alex began considering selling his company, he mentioned it only casually to you. But you knew enough to listen carefully because you know Alex has given generous gifts to several favorite charities over the years. You re-familiarized yourself with the Foundation in anticipation of the ongoing conversation with Alex.
- You also know that the value of Alex’s company has grown substantially over the years, accumulating significant unrealized capital gains for Alex. If Alex sold now without additional planning, a large portion of the proceeds would go toward capital gains tax, potentially eroding the value he had worked so hard to build.
- Some business owners in Alex’s position would rush into the exit process with their advisors by putting feelers out to potential buyers, determining an asking price, jumping to establish a letter of intent with a leading suitor, and in the process, missing strategies that could improve their post-sale outcome.
- In Alex’s case, though, you suggest involving the Foundation early in the process. You shared with Alex that it’s worth considering giving a portion of the company’s shares to a donor advised fund at the Foundation before any formal sale activities begin.

- You explain to Alex that by making this charitable gift well in advance of the eventual sale, the shares owned by the donor advised fund will not trigger capital gains for Alex. Instead, the donor advised fund will receive the proceeds free of capital gains tax and ready to deploy toward Alex's philanthropic goals. What's more, this technique delivers an estate tax advantage by removing the gifted portion of the business from Alex's taxable estate.

Whether you encounter a situation like Alex's once, twice, or dozens of times during your career, the most important tip to remember is to reach out to the Foundation team during the very early stages of planning a client's business exit. Transactions like this take time and also require navigating a few pitfalls. For example:

- Obtaining a qualified appraisal is crucial in order to comply with IRS [rules](#) for charitable deductions for gifts of non-cash assets. Failure to strictly comply with IRS rules could wipe out the tax deduction.
- For this type of transaction to avoid capital gains tax, it is important that no formal discussions about the sale, no shareholder vote approving a transaction, and no signed letter of intent are in place before the gift of shares. Otherwise, the IRS may [disallow](#) the charitable deduction.
- These transactions are typically much more effective when the stock is given to a [public charity](#), such as the Foundation, rather than a private foundation. Unfortunately, some tax advisors are not aware of the significant differences in the tax benefits of giving closely-held business shares depending on the IRS status of the receiving entity. And of course, the Foundation reviews each potential gift carefully to ensure compliance and feasibility.

One of these days, whether it's next week or six years from now, you'll likely encounter a charitably-minded business owner who decides it is time to explore selling the business. In that situation—and in any other situation involving charitable giving—the Foundation is honored to be [your first call](#).

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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