COMMUNITY GIVING FOUNDATION'S

# PROFESSIONAL ADVISOR NEWSLETTER

csgiving.org/professional-advisors

## Getting a jump on year-end, valuing stock gifts, and pending legislation.

Hello from the Community Giving Foundation! Although summer isn't quite over yet, many professional advisors are already thinking ahead to year-end planning. That's smart, especially where charitable giving is concerned, Now is an ideal time to revisit key strategies with your clients, especially as the One Big Beauitful Bill Act continues to  influence tax planning. This month, we're considering:

- **Reminding clients about stock gifts.** Many clients know that appreciated stock is one of the most tax-efficient assets to give to charity, but fewer understand how the IRS actually values those gifts. It's useful to review the "high-low average" rule and offer practical reminders you can share before clients transfer securities to their donor advised or other type of fund at the Foundation.

- **Bunching charitable gifts, year-end, and getting ahead.** By the time fall rolls around, the weeks leading up to year-end often pass way too quickly, which means now is the perfect time to talk with clients about "bunching" charitable gifts into a donor advised fund. Learn why early planning with the Foundation can help clients maximize tax benefits through bunching and other strategies, while providing consistent support to the charities they care about.

- **Moving from charitable transactions to charitable strategy.** Today's clients increasingly expect charitable planning to be woven into broader conversations about wealth, family, and legacy. We've gathered several recent articles that reinforce why advisors who lead with purpose—not just tax savings—can build stronger, more enduring client relationships.

- **A quick note about pending legislation.** Congress continues to consider bipartisan proposals that would expand Qualified Charitable Distributions to employer-sponsored retirement plans and, potentially, donor advised funds. Although these bills have not yet become law, we'll keep you updated on developments that could create new charitable planning opportunities for your clients.

We look forward to helping you and your clients make the most of charitable planning opportunities throughout the months ahead. Thank you for the opportunity to work together!

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# Highs and lows: Reminding clients about stock gifts.

As an attorney, CPA, or financial advisor, you're well aware that your clients are typically better off from a tax perspective if they donate to charity by giving appreciated stock held for more than one year instead of writing a check. That's because the client's charitable deduction is calculated based on the stock's fair market value, and the charity (unlike your client) can sell the stock without triggering capital gains tax. Indeed, many of your clients regularly give appreciated stock to their donor advised funds at the Community Giving Foundation.

So, what happens when one of these clients starts asking questions about what's on their tax return? For instance: "Wait a minute. I distinctly remember that my stock was worth $81.95 per share when the market closed on the day I transferred 100 shares to the Community Giving Foundation to add to my donor advised fund. But my tax return is showing a deduction amount less than $8,195. Is that a mistake?

It's a great question, and of course you know the answer! When a client contributes publicly traded securities to a fund at the Foundation—or directly to another public charity—the amount of the charitable deduction is indeed based on the fair market value of the asset at the time of the gift under Internal Revenue Code 170 and Treasury Regulation §1.170A-1(c). For publicly traded securities, however, “fair market value” is not ordinarily the closing price. Instead, the IRS valuation rule generally uses the average between the highest and lowest quoted selling prices on the date of the contribution. This methodology appears in Treasury Regulations §20.2031-2(b)(1), outlining the IRS’s longstanding valuation rules.

Here’s a simple example. Suppose a client transfers shares to a donor advised fund at the Foundation on August 20. On that date:

- High price: $82.40
- Low price: $79.60
- Closing price: $81.95

Many clients understandably assume their deduction will be based on the $81.95 closing price. Under the applicable valuation rules, however, the value generally used is the average of the high and low prices: ($82.40 + $79.60) / 2 = $81.00 per share.

The difference may be relatively small in many cases, but for larger gifts—or during periods of market volatility—it can become meaningful.

Many clients don’t know this. That’s why it’s a good idea to remind a client about the rule when they’re making gifts of appreciated stock. It is also important to remember that determining the valuation date itself may involve additional analysis. The relevant date is generally the date the gift is considered complete for federal tax purposes, which may differ depending on how the securities are transferred and when control passes to the charitable organization. Because of these nuances, it’s wise to coordinate closely with the Foundation whenever timing is critical, such as at year end.

Fortunately, the Foundation works with gifts of appreciated securities regularly and can help facilitate smooth transfers. Especially as the fall planning season approaches, clients often focus on maximizing charitable deductions while avoiding capital gains tax on appreciated investments. Being prepared to explain why the deduction is based on the average of the day’s high and low—not simply the closing price—can be a helpful component of client conversations.

Please reach out to the Foundation team any time, and especially when a client is getting ready to transfer stock. We will keep an eye out for it and make sure the processing goes smoothly. Thank you for the opportunity to work with you to serve your clients!

# Bunching charitable gifts, year-end, and getting ahead.

For many attorneys, CPAs, and financial advisors, the last weeks of summer mark the beginning of year-end planning season. As clients return from vacations and turn their attention to tax and financial planning, it’s an ideal time to revisit charitable giving strategies that could be important to help clients achieve their 2026 planning objectives.

A popular strategy that deserves special attention in year-end planning is “bunching” charitable contributions. The bunching concept became widely discussed when the Tax Cuts and Jobs Act of 2017 substantially increased the standard deduction for calculating income tax. According to important historical data, this change caused many taxpayers who previously itemized deductions to begin claiming the standard deduction instead because their annual charitable gifts and other deductible expenses were no longer sufficient to exceed the standard deduction threshold.

Since the beginning of 2026, charitable planning has become even more nuanced. The One Big Beautiful Bill Act added a new limitation under Internal Revenue Code Section 170 requiring that itemized charitable deductions must generally exceed 0.5% of adjusted gross income before a deduction is available. In addition, Section 68 now effectively limits the tax benefit of itemized deductions for taxpayers in the highest marginal income tax bracket to 35%. These two new provisions are sometimes called the “floor” and the “cap”. Although in many cases charitable giving remains highly tax-efficient, these changes make proactive planning increasingly important.

So, what is “bunching”? And why is it so useful under current tax law? Here’s how it works:

- Rather than making charitable gifts in roughly equal amounts each year, a client may benefit from consolidating two or more years of planned charitable contributions up front into a single tax year.
- By concentrating, or “bunching” donations into one year, the client may be better positioned to itemize deductions in that year while claiming the standard deduction in subsequent years, potentially producing greater cumulative tax savings over time.

For many of your clients, a donor advised fund at the Community Giving Foundation serves as an effective vehicle for implementing a bunching strategy. That’s because a client can make a single, larger contribution to the donor advised fund, generally claim the charitable deduction in the year of the contribution under Internal Revenue Code Section 170(a), and then recommend grants to favorite charities now and in future years**. In short, the timing of the income tax deduction is separated from the timing of charitable distributions**, allowing the client’s favorite nonprofits to continue receiving consistent annual support.

As year-end approaches, many clients will naturally ask whether they should “bunch”, or accelerate, charitable gifts before December 31. Advisors who raise the bunching conversation now—and coordinate early with the Foundation team—can help clients evaluate whether this strategy aligns with both their philanthropic objectives and their broader financial plans and then implement the strategy without rushing through it.

Bunching is not the only technique to be aware of well before year-end! Here are two additional important reminders for your client conversations:

- Remember that charitable planning opportunities are typically even more attractive when appreciated securities are involved. Under Internal Revenue Code Section 170(e)(1)(A), a client who contributes long-term appreciated publicly traded securities to a public charity, including a donor advised or other type of fund at the Foundation, generally may deduct the property's fair market value (subject to the applicable adjusted gross income limitations) while avoiding recognition of the built-in capital gain that otherwise would result from a sale. This is usually a much better tax outcome than giving cash.

- Note that Qualified Charitable Distributions allow IRA owners age 70 ½ or older to give directly to charity tax-free—up to the 2026 annual limit of $111,000—even before required minimum distributions begin, potentially lowering adjusted gross income and reducing taxes on Social Security benefits and Medicare premiums. For a subset of your clients, this is important in light of the charitable deduction limitations under the One Big Beautiful Bill Act.

The Foundation is honored to help structure charitable gifts in a way that advances your clients' philanthropic goals while making the planning process as seamless as possible. Reach out any time to get a jump on year-end planning!

## Worth a read: Moving from charitable transactions to charitable strategy.

At the Community Giving Foundation, our team keeps an eye out for helpful sources and reading material to help you more easily stay up-to-date on trends and techniques for advising your charitable clients.

Four recent articles make a common point: **the most effective charitable planning rarely happens in response to a single tax event.** Instead, it grows out of ongoing conversations about a client's values, family, financial goals, and legacy.

1. How to Turn Wealthy Clients' Charitable Giving Into a Cohesive Plan (*Kiplinger*). This article encourages advisors to move beyond treating charitable gifts as one-off transactions and instead help clients develop a coordinated philanthropic strategy across tax planning, estate planning, wealth transfer, and family dynamic.

2. When Clients Ask About Their Tax Bill, the Answer Might Be Philanthropy (*Advisor Perspectives*). The focus of this article is that major tax events—such as business sales, retirement plan distributions, or highly appreciated assets—often create ideal opportunities to discuss charitable giving. Even though the transactional elements might spark a conversation, substantive charitable planning goes far beyond a single transaction and is most effective when it becomes part of a broader financial planning conversation.

3. Purpose-Driven Wealth Starts with Asking the Right "Why" (*InvestmentNews*). This article outlines why technical expertise is important, but meaningful planning begins by understanding what clients hope to accomplish with their wealth. That's why advisors should add deeper questions about values, purpose, and legacy, which naturally leads to conversations about intentional charitable planning and stronger long-term client relationships.

4. The High-Net-Worth Want Philanthropy Guidance (*Financial Advisor Magazine*). The article reports that high-net-worth clients increasingly expect their financial advisors to provide philanthropic guidance as part of comprehensive wealth planning. In other words, this creates a big opportunity for advisors who are proactively talking about charitable giving with their clients.

If you skim these articles, you will see immediately that a pattern is emerging. Clients don't simply want to save taxes—they want their wealth to reflect what matters most to them. The team at the Foundation is here as a sounding board to help you begin charitable planning conversations early. Please reach out any time!

# P.S. A quick note about pending legislation.

The Community Giving Foundation team appreciates that so many attorneys, CPAs, and financial advisors recommend to clients age 70 ½ and older that they take advantage of Qualified Charitable Distributions (QCDs) from traditional IRAs. Your client can direct a QCD to a designated fund, field of interest fund, scholarship fund, or unrestricted fund at the Foundation, or even directly to support the Foundation's overall mission and work.

Because QCDs are so useful, we've got our eyes on pending legislation that might expand the ways your clients can use them. Specifically, Congress continues to consider two bipartisan charitable giving bills:

1. The Charity Parity Act (S. 2204 / H.R. 4495), which would permit QCDs directly from employer-sponsored retirement plans, such as 401(k)s, in addition to traditional IRAs.

2. The IRA Charitable Rollover Facilitation and Enhancement Act (S. 3975), which would extend QCD eligibility to donor advised funds.

Neither proposal has advanced beyond committee, but both are still active and of course could be very useful to expand charitable giving options if enacted. We will keep you posted!

*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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