



# Intelligent & Impactful Charitable Giving

# Today's Presenters:



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# Groundswell's Mission

We Protect Special Places, Forever.



**GROUNDSWELL**  
CONSERVANCY

# Intelligent & Impactful Charitable Giving

# Charitable Giving Trends

- **\$557.16 billion** donated to U.S. charities in 2023
- Individuals gave an estimated **\$374.40 billion**
- Total giving grew **1.9%** in total dollars, but when adjusted for inflation, giving declined by **2.1%**



# 3 Steps to Intelligent and Impactful Giving

1

Do your due diligence

2

Determine the best way to maximize your support

3

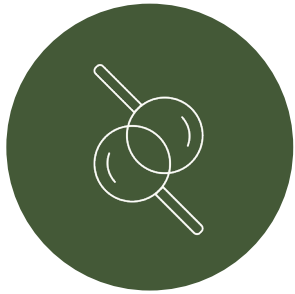
Stay connected with the organization

# Do Your Due Diligence

1

4 Categories to Consider

# Selecting Your Charitable Organization



## Relevance

Identify causes important to you.  
Determine if you're interested in national, regional, or local organizations.



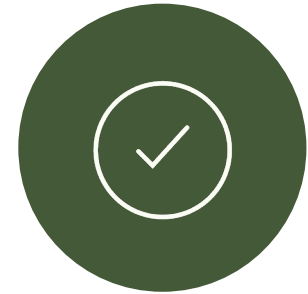
## Impact

Learn about your target organization's accomplishments, goals, and challenges.  
Use this information to determine the best way to maximize your support.



## Sustainability

Ensure the charity you'd like to support is a tax-exempt 501(c)(3) public charity  
Review the organization's finances. Are they transparent and accountable?



## Excellence

Leverage third-party tools such as Charity Navigator, Charity Watch, etc. to review operations and history.  
Support organizations with high ratings.

# Determine the Best Way to Maximize Your Support

# 2

Creating a Budget is a Good Place to Start

# A Few Benefits of Giving Financial Support

1. Donating to a qualified charitable organization may entitle you to a **deduction against income tax** if you itemize deductions
2. Strategically bunching your deductions may help you claim **deductions for qualified medical expenses**
3. Can be a challenge, as these need to exceed 7.5% of your modified adjusted gross income (MAGI) to be deductible
4. Reducing your income tax lowers MAGI, which could result in **lower Medicare premiums**
5. Annual gifting can also **help reduce your taxable estate**, which may help you avoid federal and/or state estate taxes

# 4 Tax-Smart Ways to Maximize Your Financial Support

Itemize and  
bunch your  
deductions

Donate  
appreciated  
assets

Donate your  
RMDs

Donate  
through a  
DAF

# 1. Itemize & Bunch Your Deductions

## Some assumptions

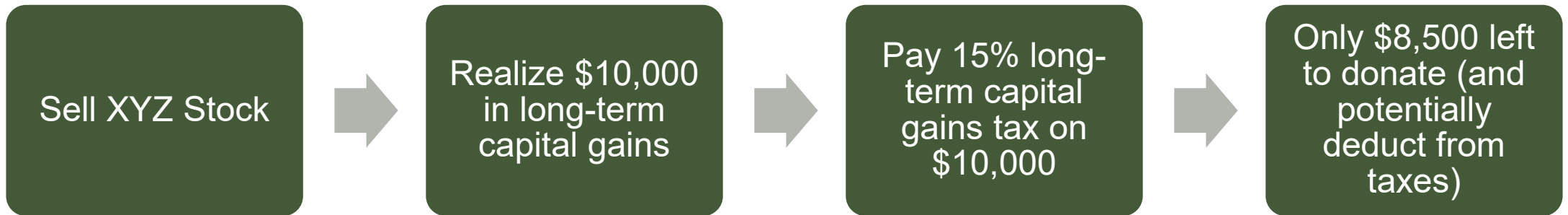
- Paid \$10,000 in state and local taxes
- Paid \$4,000 in mortgage interest
- Donated \$0 to charity in Year 1 and \$20,000 to charity in Year 2

|                              | Year 1          |                 | Year 2          |                 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
|                              | Standardized    | Itemized        | Standardized    | Itemized        |
| State and Local Taxes (SALT) | N/A             | \$10,000        | N/A             | \$10,000        |
| Mortgage Interest            | N/A             | \$4,000         | N/A             | \$4,000         |
| Charitable Donations         | N/A             | \$0             | N/A             | \$20,000        |
| Standard Deduction (married) | \$29,200        | N/A             | \$29,200        | \$0             |
| <b>Total</b>                 | <b>\$29,200</b> | <b>\$14,000</b> | <b>\$29,200</b> | <b>\$34,000</b> |
|                              | √               |                 |                 | √               |

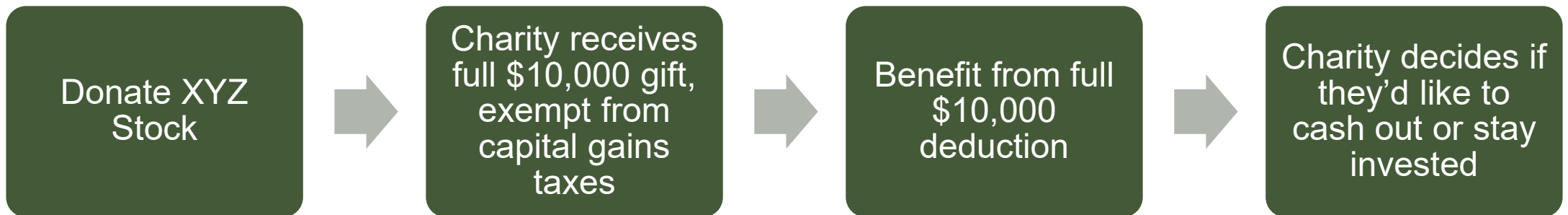
*For illustrative purposes only.*

## 2. Donate Appreciated Assets

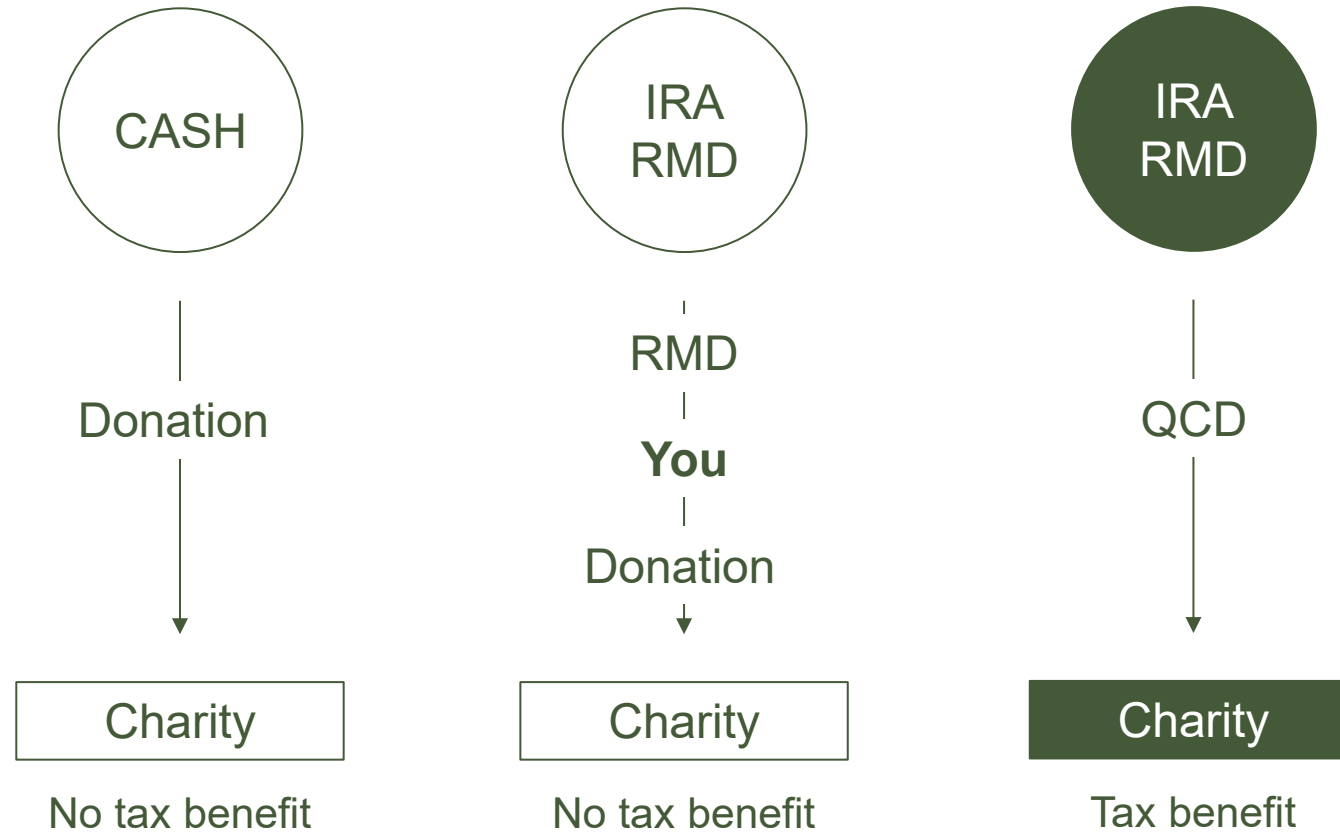
### Less Tax-Efficient



### More Tax-Efficient



# 3. Donate Your RMDs to Charity Through a QCD



# RMDs Are an Unavoidable Part of Life

## WHAT

- The minimum amount you must withdraw per year from many tax-advantaged accounts

## WHERE

- Traditional IRAs
- 401(k)s, 403(b)s
- Roth 401(k)s
- SEP IRAs
- Simple IRAs
- Inherited Traditional IRAs
- Inherited Roth IRAs

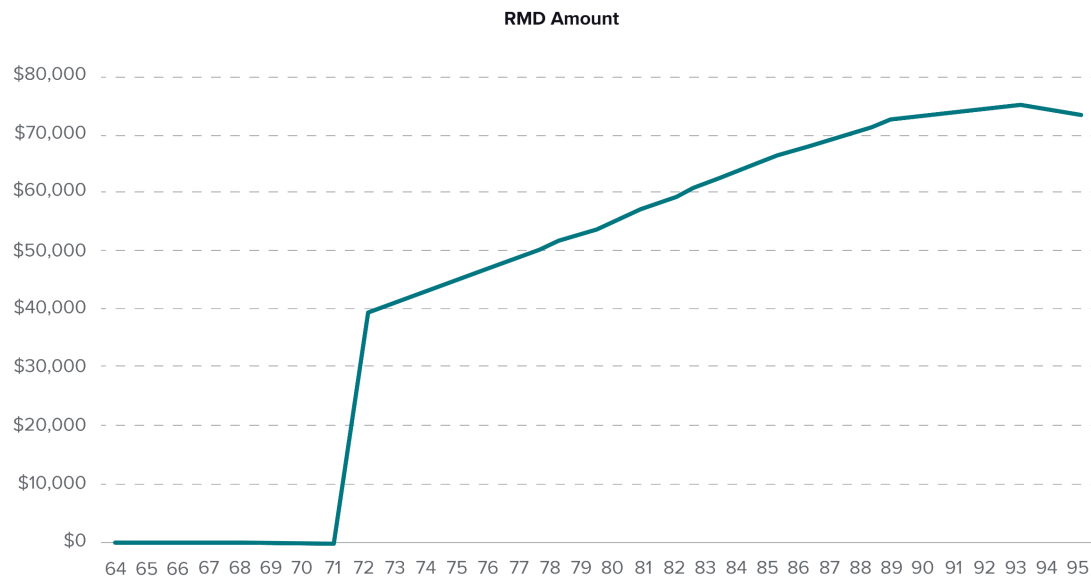
## WHEN

- **Your account:**  
Age 73
- **Inherited (non-spouse):**  
Any age
- **Inherited (spouse):**  
When you or spouse turns 73

## WHY

- You pay tax on the lifetime of tax-deferred growth you've earned.

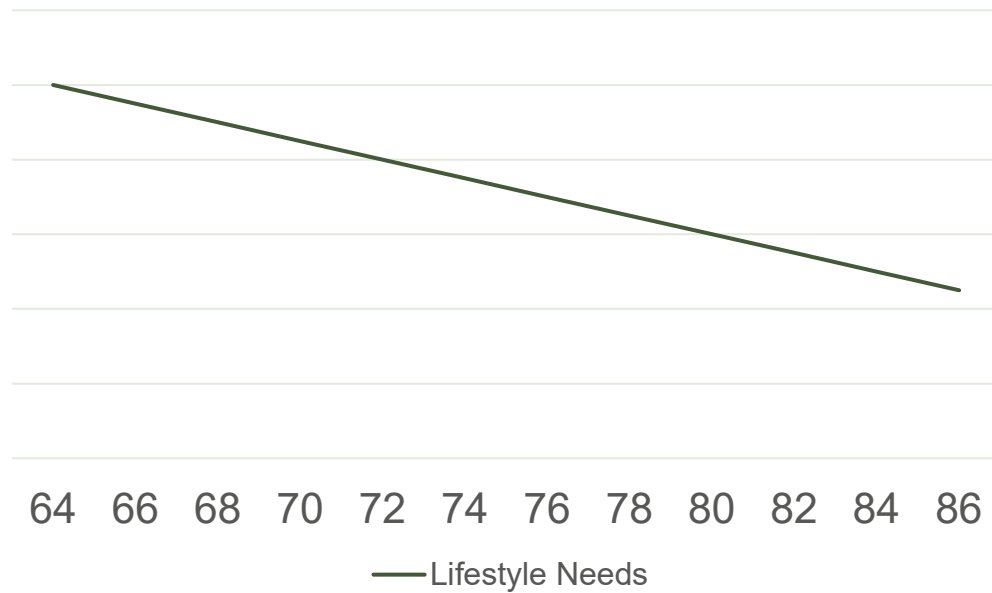
# RMDs Get Bigger Over Time



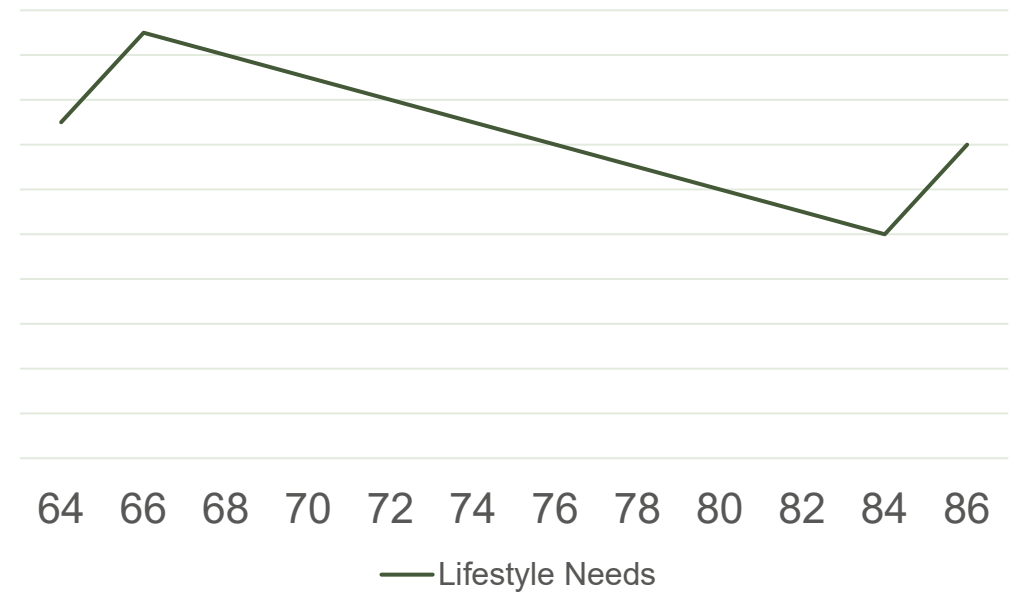
| Required Minimum Distributions |       |          |
|--------------------------------|-------|----------|
| Age                            | RMD % | Amount   |
| 73                             | 4.1%  | \$40,900 |
| 74                             | 4.2%  | \$42,800 |
| 75                             | 4.4%  | \$44,700 |
| 76                             | 4.5%  | \$46,700 |
| 77                             | 4.7%  | \$48,600 |
| 78                             | 4.9%  | \$50,800 |
| 79                             | 5.1%  | \$52,700 |
| 80                             | 5.4%  | \$54,800 |
| 85                             | 6.8%  | \$65,200 |
| 90                             | 8.8%  | \$73,100 |
| 95                             | 11.6% | \$73,600 |
| 100                            | 15.9% | \$63,100 |

# Spending in Retirement is Not Consistent

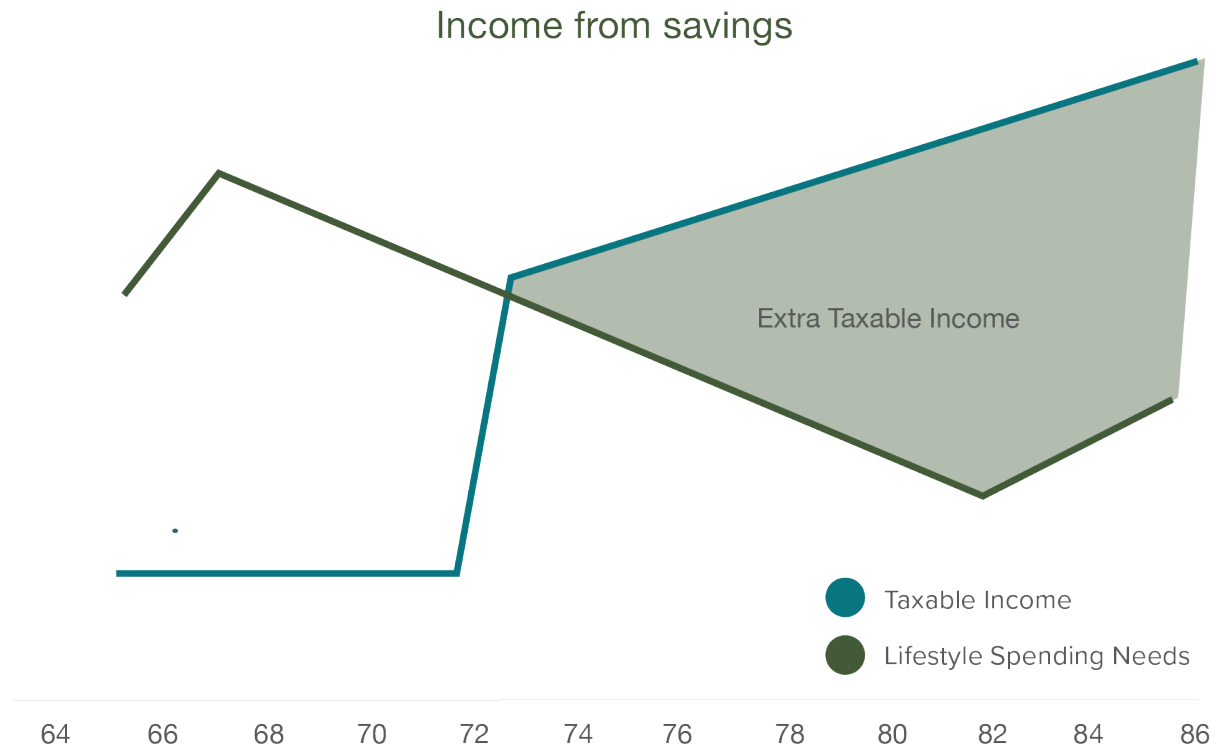
What You **Think** Your Spending Will Look Like in Retirement



What Your Spending **May Actually** Look Like in Retirement



# RMDs Create Tax on Income You Don't Need



# Qualified Charitable Distributions Can Help

- Requirements

- Individuals over age 70 ½
- Direct transfer from a Traditional or inherited IRA to qualified charity (401(k)s and 403(b)s ineligible)
- Up to \$100,000 annually per person
- Cannot transfer to a Donor-Advised Fund (DAF)

- Requirements

- Counts towards (i.e. reduces) your RMD
- Reduces your Adjusted Gross Income (AGI)
- May reduce Medicare premiums
- May reduce exposure to the 3.8% net investment tax
- Creates potential to claim standard deduction vs. itemized deductions

## 4. Donate Through a Donor-Advised Fund (DAF)

### **A public charity sponsored by an investment company or community/public foundation**

- Donors establish separate accounts and give up legal control of donated assets
- Typically allows the donor to advise the account

#### **• Contribute**

- Open an account
- Contribute cash, appreciated assets, or investments, including publicly & privately held shares or real estate
- Claim an income tax deduction

#### **• Invest**

- Invest in one or more investment pools
- Recommend an investment advisor to manage your account

#### **• Grant**

- Recommend grants to qualified U.S. public charities of your choice any time
- No charitable deduction for grants made from the DAF

# Stay Connected With The Organization

3

The Final Step

## Follow Up

- Find out how your financial gifts are being used
- Determine a long-term gifting strategy
- Consider giving more than just financial support

If your charity can't tell you how your donation was used, go back to Step 1 and find one that will!

# To Recap: 3 Steps to Intelligent & Impactful Charitable Giving

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Do your due diligence

2

Determine the best way to maximize your support

3

Stay connected with the organization

2024



# Thank you

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