

# Charitable Giving Strategies

# Charities Still Need Our Help!

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ersistent inflation and high-interest rates in 2023 have driven up costs and negatively affected charities. Donors are pulling back on contributions. As a result, taking an efficient, taxsmart approach to maximizing donor impact has never been more important.

#### 1. DONATE APPRECIATED NON-CASH ASSETS.

Donating appreciated publicly traded securities, real estate, and other non-cash assets held more than one year means that donors generally can eliminate the capital gains tax they would otherwise incur, if they sold the assets and donated the sale proceeds.

#### 2. COMBINE TAX-LOSS HARVESTING WITH A CASH GIFT.

Capital losses can be used to offset capital gains and/or up to \$3,000 of ordinary taxable income. Donors who itemize their deductions can then claim a charitable deduction for donating cash from the sale proceeds.

#### 3. GIVE PRIVATE BUSINESS INTERESTS.

A gift of a privately held business interest can generally eliminate the long-term capital gains tax a donor would otherwise, incur if they sold the assets first and donated the proceeds. Plus, the donor can claim a charitable deduction for the fair market value of the asset, as determined by a qualified appraiser, if they itemize.

#### 4. CONTRIBUTE RESTRICTED STOCK.

Once a company removes all restrictions, for executives who own appreciated shares of restricted stock, the stock may then be donated to and sold by a charity. Donation of restricted stock allows a donor to generally eliminate the long-term capital gains tax on the appreciation and claim a charitable deduction.

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## 5. BUNCH MULTIPLE YEARS OF CHARITABLE CONTRIBUTIONS IN TAX YEAR 2023.

Some donors may find that the total of their itemized deductions for 2023 will be slightly below their standard deduction amount. In that circumstance, it could be beneficial to combine or "bunch" 2023 and 2024 tax year contributions into one tax year.

### 6. COMBINE CHARITABLE GIVING WITH INVESTMENT PORTFOLIO REBALANCING.

Donors can potentially reduce the tax impact of rebalancing by claiming an itemized charitable deduction for donating long-term appreciated assets in an amount that offsets the capital gains tax on selling appreciated assets.

#### 7. OFFSET THE TAX LIABILITY ON CONVERTING A RETIREMENT ACCOUNT TO A ROTH IRA.

Donors with tax-deferred retirement accounts, such as traditional IRAs, may be able to use an itemized charitable deduction to help offset the tax liability on the amount converted to a Roth IRA.

#### 8. OFFSET THE TAX LIABILITY ON A RETIREMENT ACCOUNT WITHDRAWAL.

Donors with tax-deferred retirement accounts can also use charitable deductions, if they itemize, to help offset the tax liability on the amount they withdraw, including an RMD (required minimum distribution).

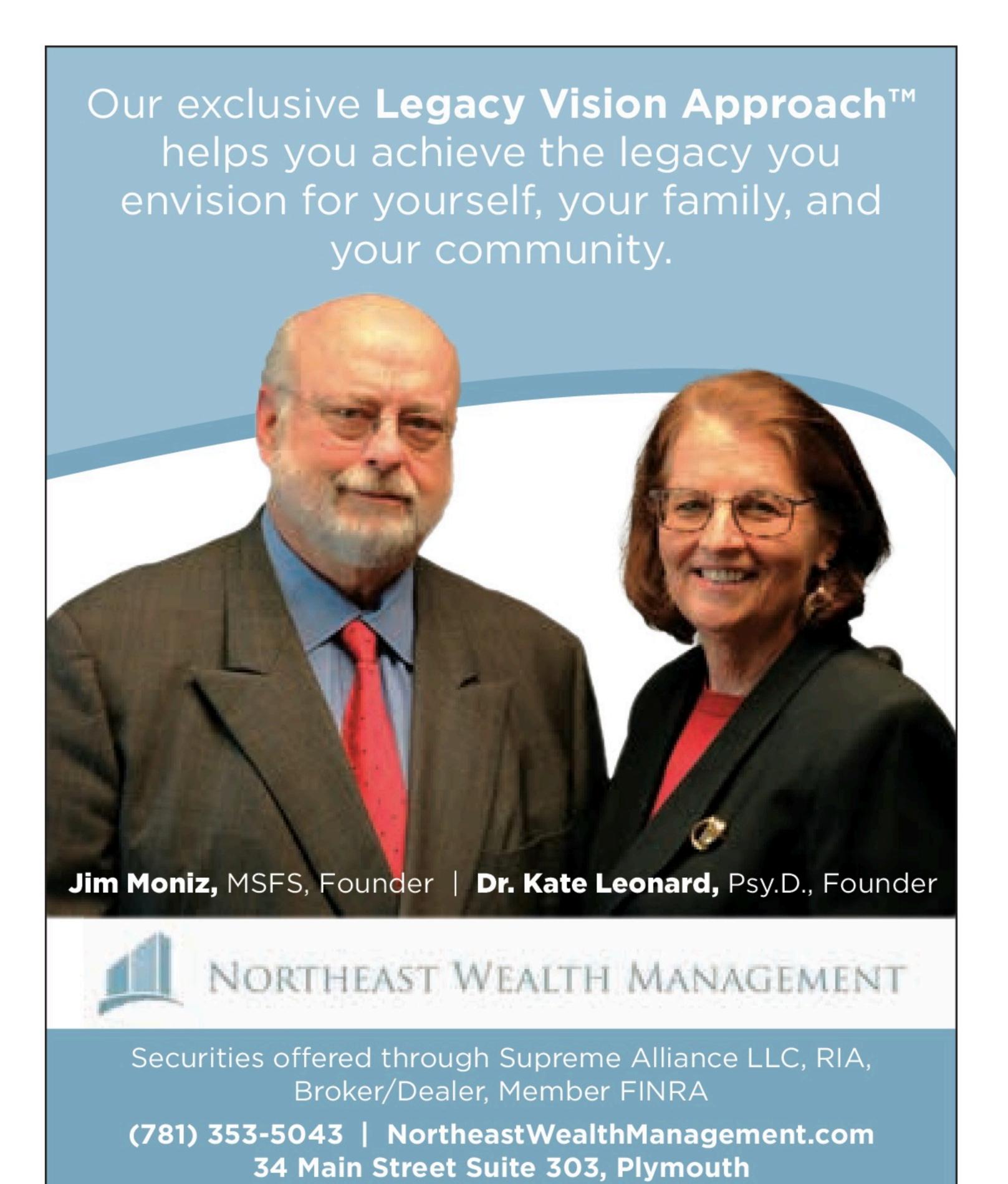
#### 9. LEAVE A LEGACY BY NAMING A CHARITY AS A BENEFICIARY OF IRA ASSETS.

A unique feature of traditional IRAs is that heirs pay income taxes on the inherited assets at their own income tax rate at the time of withdrawal. Public charities do not pay tax on IRA income.

## 10. SATISFY AN IRA RMD THROUGH A NON-TAXABLE QUALIFIED CHARITABLE DISTRIBUTION (QCD).

Individuals age 70½ and older can direct of up to \$100,000 per year from their traditional IRAs to operating charities and reduce their taxable income.

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