Rational Wealth Solutions

TAX-EFFICIENT CHARITABLE GIVING

MINDFUL TIPS TO CONSIDER IN YOUR PLANNING.

Charitable giving is not intended to save money. It is a tax impacted deduction that may reduce your net assets to an amount that is greater than what you save. The thoughtful consideration of timing income inclusion and pairing tax deductions is key to efficient tax planning, and the following considerations are helpful during the decision process.

TAX-EFFICIENT CHARITABLE GIVING: A MENTAL CHECKLIST

Understand why you are interested in giving and remember that it is going to cost you assets. Knowing the why of what you are accomplishing helps the planning and execution process.

Do you have the means/disposable assets to execute the plan?

Efficient planning revolves around timing.

Various options are available for giving to charity. Such as:

- Donor Advised Funds (DAFs)
- Charitable Lead Annuity Trust (CLAT)
- Charitable Remainder Unitrust (CRUT)
- Foundations
- Direct Gifting
- Estate

What do you give and how much?

FIVE THINGS TO REMEMBER

1. The purpose of the gift drives the planning around the gift.

2. Appreciated assets held long-term generally make the best gifts in any circumstance.

3. Charitable gift(s) can be accomplished in multiple ways while providing unique investment vehicles that offer a beneficial use of assets for life.

4. Tax asset diversification is important and should have a part in your asset management strategy similar to the blend of stocks and equities.

5. Most planning comes down to the timing of income and deductions. Knowing your inclination around items one through three above will help you proactively approach life events, rather than reactively searching for solutions after a life event. Therefore, the tax impact should usually be just one of the reasons you make a charitable gift.