Edward Jones

Charitable giving and your financial strategy

Charitable giving and your financial strategy

Topics we'll cover

Giving and taxes

Giving strategically

An overview
of advanced
giving strategies

Edward Jones, its employees and financial advisors cannot provide tax or legal advice.
You should consult your attorney or qualified tax advisor regarding your situation.

Charitable giving stats:

- Total giving in the U.S. reached $499.33 billion in 2022*
- Annual charitable giving has increased by 16.7% since the start of the pandemic (2019).*

*SOURCE: "GIVING USA 2023: THE ANNUAL REPORT ON PHILANTHROPY FOR THE YEAR 2022," BY THE GIVING USA FOUNDATION, 2022.

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Giving and taxes

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Giving and taxes: Get the most from your strategy

- Deductions
- Deduction limits
- Integrating charitable giving into your financial strategy

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Deduction limits: 3 factors

1 Adjusted gross income (AGI)

2 Asset type donated

3 Type of charitable organization

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Integrating giving into your financial strategy

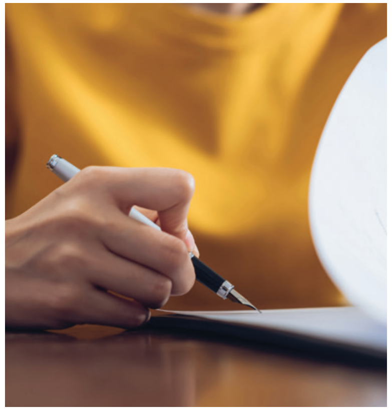
Carry forward

Multiyear planning

Record keeping

Estate planning

Legislative risk



Balancing goals

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Structuring your strategy to meet your goals

Lifetime giving

Giving at your passing

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Lifetime giving: How and when to give

- Periodic outright giving
- Stacking outright giving
- Donor-advised fund (DAF), other charitable channels

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Lifetime giving: What to give

- Cash
- Appreciated securities
- QCDs, IRA assets
- Other assets (real estate, collectibles, business interest)

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Giving at your passing: How to give

- Will
- Beneficiary designation
- Transfer-on-death (TOD), payable-on-death (POD)
- Structured charitable channel

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Giving at your passing: What to give

- Cash
- Appreciated securities
- IRAs (traditional, Roth)
- Life insurance
- Other assets (real estate, collectibles)

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Overview of advanced giving strategies

- Charitable remainder trust (CRT)
- Charitable lead trust (CLT)
- Charitable gift annuity (CGA)
- Pooled income fund (PIF)
- Foundation

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Advanced giving strategies: Charitable remainder trust (CRT)

A CRT allows you to make an irrevocable split-interest gift, where one or more non-charitable beneficiaries receive income payments for a specified period (up to 20 years) or for their lifetime.

The remainder of the trust assets pass to one or more qualified charities (the remainder beneficiary) at the termination of the trust, which occurs either at the end of the specified period or at the death of the last income beneficiary.

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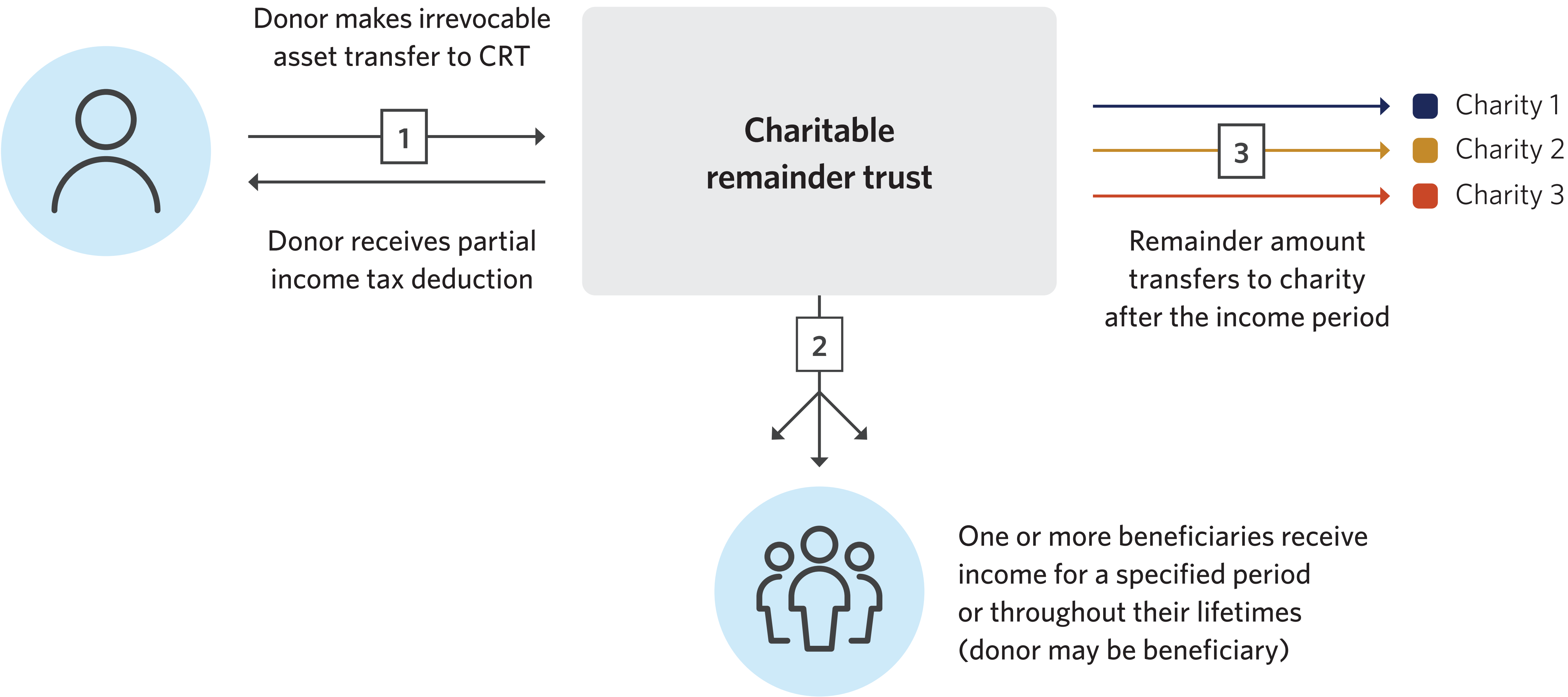

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Charitable remainder trust

Benefits

- Supplementing retirement income for you or providing lifetime income to an heir

Tradeoffs

- Income from the CRT may be insufficient to meet your future needs
- It can be costly to set up
- If someone other than you or your spouse receives the income, it is considered a gift and may be subject to gift taxes when the CRT is funded

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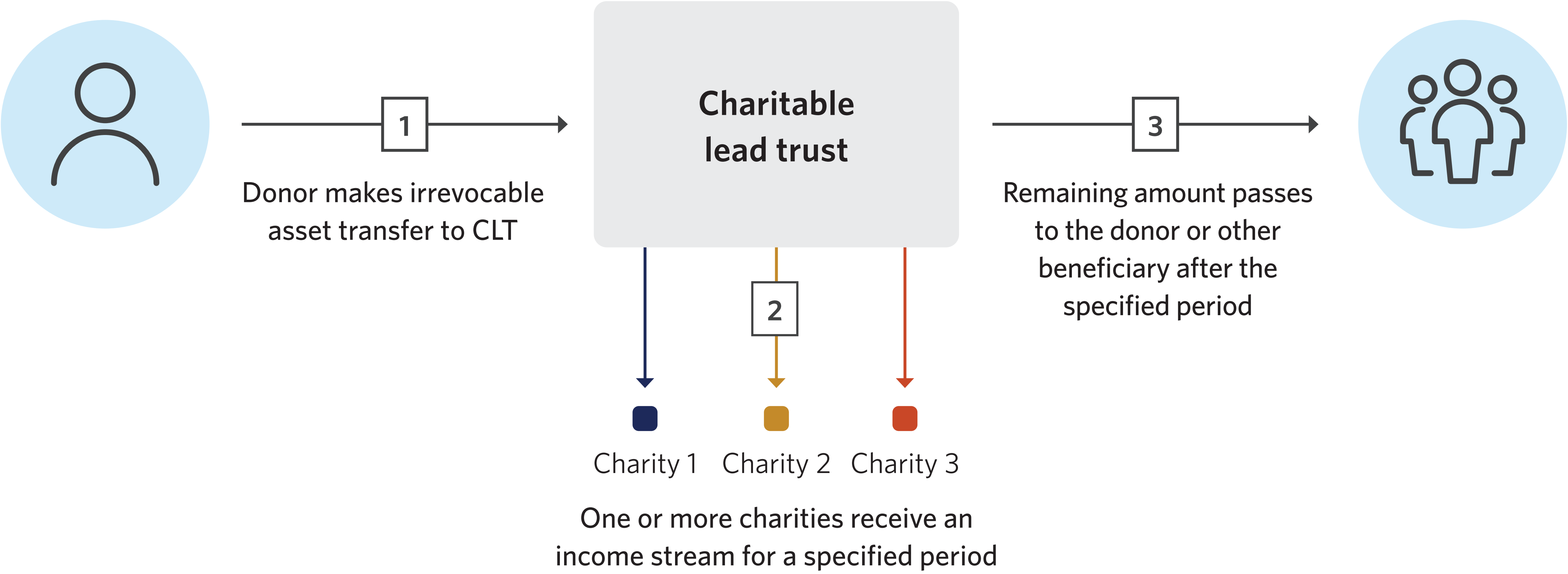
Charitable lead trust (CLT)

In exchange for an irrevocable gift, a CLT makes payments to a designated charity or charities for either a specified number of years or for the remainder of the grantor's life.

A non-charitable beneficiary (an heir) receives the remaining balance at the end of that period.


1
Donor makes irrevocable asset transfer to CLT
Charitable lead trust
2
Charity 1
Charity 2
Charity 3
One or more charities receive an income stream for a specified period
3
Remaining amount passes to the donor or other beneficiary after the specified period

Charitable lead trust

Benefits

- Minimize or eliminate transfer taxes (such as gift or estate taxes) when passing wealth to heirs

Tradeoffs

- Assets may need to be liquidated to fund the charitable payments
- If someone other than yourself is the remainder beneficiary, you will no longer have access to those assets
- Unlike CRTs, trust assets are taxable

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Charitable gift annuity (CGA)

- Partial income-tax deduction and a fixed, future income stream
- Guaranteed payments for life to you and up to one additional beneficiary (typically a spouse) in exchange for an irrevocable gift to the charity
- You may be able to gift cash, appreciated securities or other property (such as real estate)
- Income payments are taxable to the income beneficiary and depend on the type of assets contributed

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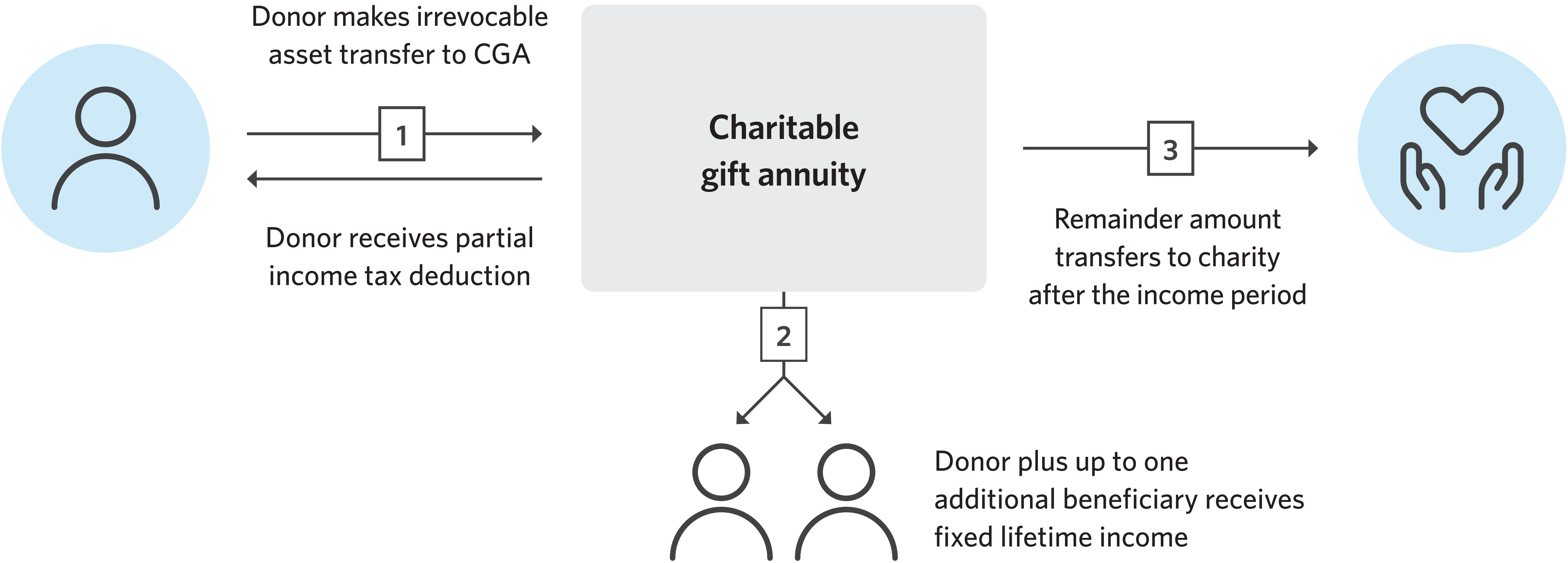

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Charitable gift annuity

Benefits

- Payments are fixed and guaranteed
- A portion of the payments may be income-tax free
- Proceeds benefit and are managed by your chosen charity

Tradeoffs

- Your gift to a CGA will only benefit the sponsoring charity, so if you want to support multiple charities, you will need to set up multiple CGAs or consider another giving strategy
- Annuity rates and resulting income payments will be lower than with a non-charitable annuity
- Because annuity payments are fixed, they may not keep up with inflation

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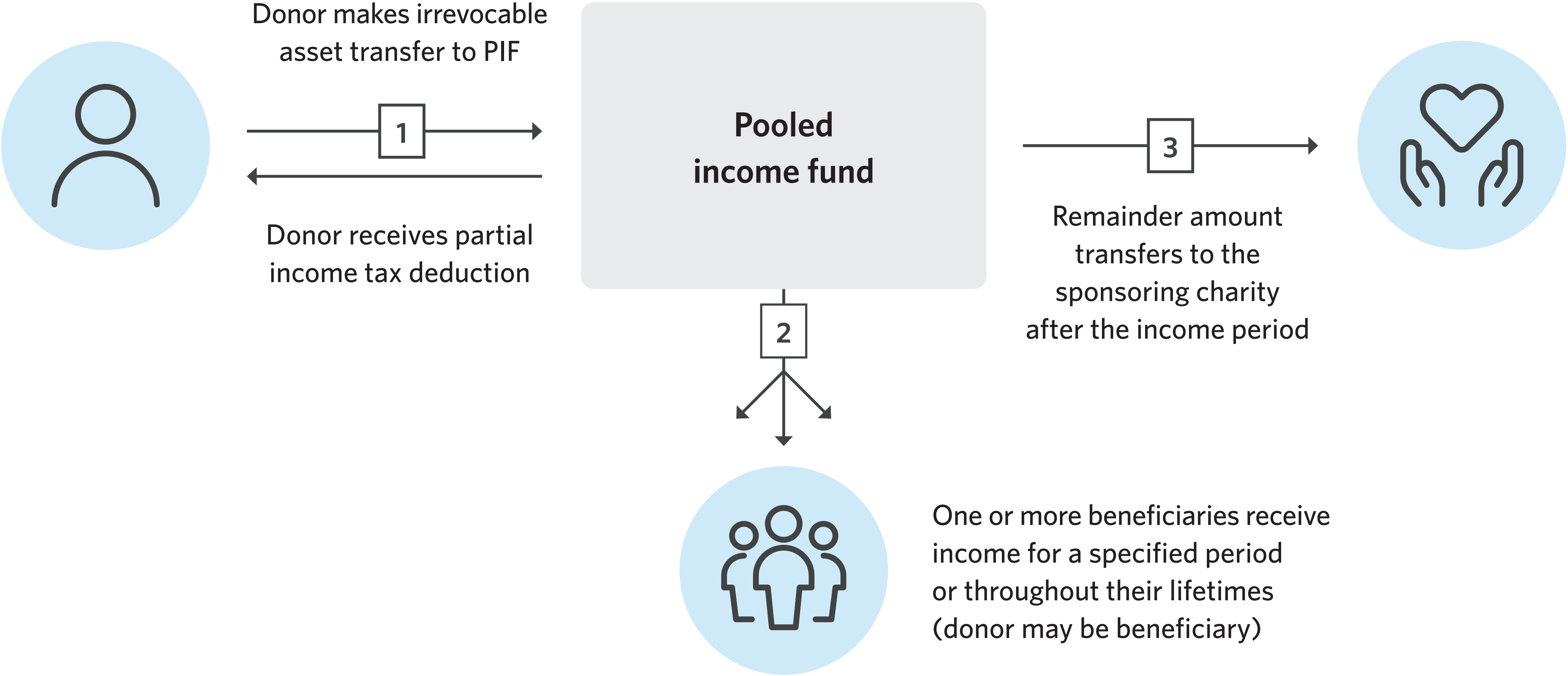
Pooled income fund (PIF)

- PIFs are administered by a specific charity
- They allow for an irrevocable gift to the fund in exchange for a current income tax deduction and lifetime income for a named beneficiary



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Pooled income fund

Benefits

- Because they are administered by the charity, PIFs are often less expensive for the donor than a CRT

Tradeoffs

- The donor may give up some control and flexibility as compared to a CRT
- If income payments are greater than portfolio returns, future payments will be reduced

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Foundation: How it works

- A foundation is a legal entity set up and administered by you, the benefactor, solely for charitable purposes
- This type of charitable entity does not typically rely on public fundraising like most charities, but instead gets its funding from a single person, family or corporation
- Because it is its own legal entity, it can theoretically exist in perpetuity, allowing you to leave a legacy that remains after you've passed

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Foundation

Benefits

- They offer the most control in how money is invested and granted
- Grants can be given to international charities and individuals through scholarships or for disaster relief
- An attractive option for individuals who wish to establish a charitable legacy

Tradeoffs

- Can be costly to set up and maintain, time consuming, administratively burdensome and require relatively large amounts of money (typically $1 million or more) to establish
- Your contributions are irrevocable, and foundations are subject to unrelated business income tax and restrictions around related party transactions
- Foundations have lower annual adjustable gross income (AGI) deduction limits, so it may take longer to fully realize the tax deduction for a foundation versus a public charity
- No anonymity

We covered a lot of information today

Giving and taxes

Giving strategically

Overview of advanced giving strategies

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Charitable giving and your financial strategy

Wrap up

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What questions do you have?