

NON-CASH GIVING OVERVIEW

Current tax laws allow donors to make contributions to tax-exempt organizations in ways other than writing checks. You may even receive greater tax benefits than a charitable contribution deduction. Here are four opportunities.

GIFTS OF APPRECIATED SECURITIES (STOCKS, BONDS, MUTUAL FUNDS)

When you give an appreciated security to a charity you can claim the fair market value as a charitable contribution deduction **AND** you avoid any capital gains tax. You must transfer title to the security to the organization and let them sell it. Since the organization is tax-exempt they pay no tax on the sale.

Example: Assume you bought 100 shares of a certain stock or mutual fund and paid \$10,000. You have owned it for more than a year and the shares are now worth \$30,000. If you sell the shares and pay taxes on the \$20,000 gain at 15%, you would owe \$3,000 in taxes, leaving less to go to Avenue. If you transfer the shares to Avenue and let Avenue sell them, you would avoid the \$3,000 in taxes **AND** be able to claim a charitable deduction for the full value of \$30,000.

GIFTS FROM AN IRA FOR SOMEONE WHO IS AT LEAST AGE 70 1/2.

Every IRA owner who is age 70 1/2 and older may make a Qualified Charitable Distribution (QCD). Normal distributions are taxable income to the owner, but if you have your IRA custodian send some or all of your distribution to a charity you can avoid reporting it as taxable income. The 2025 maximum charitable IRA distribution is \$108,000/year.

Example: Assume you must take a \$25,000 distribution from your IRA. If you instruct your IRA custodian to send the distribution directly to Avenue you will avoid reporting that \$25,000 as income on your tax return.

ESTATE PLANNING

You can include a charitable organization in your will as a percentage or specific dollar amount. That amount will be a deduction from the total assets in your estate. This is best utilized when leaving assets that would be taxable income to your heirs (like an IRA) to a charity and leaving nontaxable assets to your family.

Example: Assume your house is worth \$500,000, you have life insurance of \$500,000, you own investments of \$300,000 and you have an IRA worth \$100,000. Your total estate is \$1.4 million. If your children are the beneficiaries of your IRA they will pay income tax on the \$100,000 when they take it out of the IRA. But if you name Avenue as one of the IRA beneficiaries the money will pass with no income taxes being paid.

DONOR-ADVISED FUNDS (DAF)

These funds are designed for you to give assets to the DAF, claim a tax deduction immediately, and direct the distribution of your assets to charities later. While your assets are in the DAF they are invested so you could see growth, which will increase the amount available to donate. Many assets are accepted by DAFs including cash, stocks, bonds, mutual funds, real estate, life insurance, LLC shares, and IRAs.

Example: You own mutual fund shares worth \$40,000. You donate them to a DAF and claim a charitable deduction for the full \$40,000. The DAF invests the assets and your account balance grows to \$42,000. Later you instruct the DAF to send the money to Avenue. You claimed \$40,000 as a tax deduction up front, avoided any capital gains tax, and were able to direct even more money to Avenue.