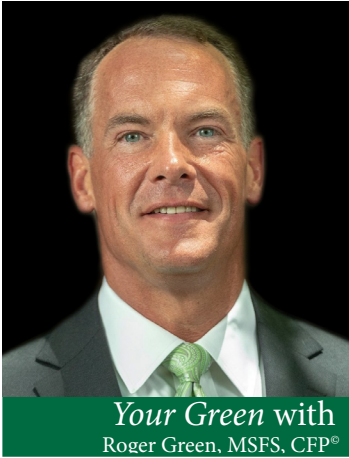


Charitable Giving - Leaving a Legacy and Helping Others



Your Green with
Roger Green, MSFS, CFP®

Are you at the point in your life where you are seeking alternative ways to provide funds or leave a portion of your estate to support a cause close to your heart? Many people make gifts or bequests to charitable organizations for a number of reasons. Some of the more common motivations would include the following:

- Compassion for those in need
- Religious and spiritual commitment
- Perpetuation of one's beliefs and values
- Support for the arts, sciences and education
- A desire to share one's blessings with others.

Whatever your reasons for giving, the U.S. tax law is designed to encourage giving when gifts are made to a qualified charity. Although the rules are quite complex and subject to change over time, there are tax savings that may occur if the giving is handled appropriately for your situation. You have many options, but here are a few to consider:

Outright gift of Money or Real Estate - The donor receives a tax deduction and can avoid capital gains taxes. There are ways to donate property, such as a second home, and this can even be done in a way where you may retain the right to use the property during your lifetime or to retain the income stream from an asset during your lifetime.

Bequest by Will - Denote a portion of your estate or a piece of property be given directly to your designated cause upon your death.

Gift of Appreciated Stock - Receive a tax deduction on the full market value of appreciated stock, while avoiding the capital gains tax that would otherwise arise from the sale of this stock.

Gift of Life Insurance - When your children were young, you may have needed life insurance to provide for your family in the

event of death. If your children are older, doing well, and your spouse is provided for; consider giving your life insurance policy to a charity and potentially receive a significant charitable tax deduction – or simply change your beneficiary to the charity. Some people have had policies for so many years they can choose to stop paying the premiums and maintain a sizeable death benefit that will leave a wonderful legacy when they pass.

Charitable Trusts: For those with larger assets, there are several different types of trusts that can be used to benefit charity. Here are a few to consider: When the estate owner retains the right to the income but transfers his or her rights in the remainder to a trust, it is called a **Charitable Remainder Trust**. A donor may transfer assets into an irrevocable **Charitable Lead Annuity Trust (CLAT)**, and then the trust pays a fixed dollar amount to a qualified charity for either a set number of years or the lifetimes of individuals. When the trust term has ended, the remaining assets are distributed to the donor, his/her spouse, heirs or others. When a donor transfers an asset to a qualified charity in exchange for an income for one or two lives, it is called a **Charitable Gift Annuity**. We recommend consulting an estate planning attorney to put these in place.

Helping Family Before You Die – Some may want to leave their remaining assets to their children or even help support aging parents. If you have sufficient assets, I suggest you consider gifting at least some of your wealth while you are still alive. Why should your loved ones look forward to the legacy your death will bring versus you being able to witness the happiness of sharing your blessings with them while you are still around to enjoy it? While I do not generally recommend that parents take from their needed retirement reserves, I do recommend they consider gifting to their adult children while they are still alive to help them with things like the purchase of a new home or car, paying for a family trip they otherwise couldn't afford, or even just gifting an amount periodically to enhance their lives in some way.

Any individual can accept a gift up to the federal gift tax exclusion amount, which is \$17,000 per year for 2023 and \$18,000 in 2024, without the giver incurring a tax pen-

alty or having to report the gift. Gift givers can subtract amounts greater than \$17,000 from a lifetime exemption amount (without having to pay taxes on it). This is known as the unified credit. This amount is \$12.92 million per person (\$25.84 million respectively for married couples) in the 2023 tax year (up from \$12.06 million in 2022), and \$13.61 million in 2024.¹ However, givers must report these gifts to the IRS by filing a gift tax return, or Form 709.

Other kinds of gifts that are exempt and are not taxable include:

- Gifts to charities approved by the IRS
- A gift to your spouse (as long as he/she is a US Citizen)
- A gift to cover someone's education tuition, if paid directly to the educational institution (does not cover gifts to cover room and board, books or supplies)
- Gifts to cover someone's medical expenses, if paid directly to the medical facility.²

These are only a few gifting strategies, stated in a highly simplified fashion. Whatever strategy you choose, planned giving can be very rewarding. It's wonderful to see your gift at work, or to leave a legacy - and to receive tax benefits as well.

Call my office at 770.931.1414 to schedule an appointment for your complimentary consultation or visit my website at www.rogersgreen.com.

^{1,2} www.IRS.gov

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