

Charitable Giving - Leaving a Legacy - Helping Others



Your Green® with
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Are you at the point in 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 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 also allow you to retain the right to use the property, or the income stream from an asset, during your lifetime. Be sure to appraise for the assessment of Fair Market Value.

Bequest by Will or Beneficiary - Denote a portion of your estate or a piece of property to be given directly to your designated cause upon your death. The best gift, tax-wise, is from IRAs.

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 coverage 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 some to consider:

- **Charitable Remainder Trust (CRT)** - 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 CRT.

as a vehicle for donations to a favorite charity, which also allows for the reduction of income taxes through a charitable deduction and favorable tax treatment at the date of the gift by non-recognition of built-in capital gains.

- **Charitable Lead Annuity Trust (CLAT)** - A donor may transfer assets into an irrevocable (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.
- **Charitable Gift Annuity (CGA)** - When a donor transfers an asset to a qualified charity in exchange for an income for one or two lives, it is called CGA.

Donor Advised Fund (DAF) - is a charitable giving tool where the donor receives a tax deduction for their contribution and the funds can grow tax-free within the DAF. Generally, DAF is a separately identified fund or account that is maintained and operated by a section 501(c)(3) organization, which is called a sponsoring organization. Each account is composed of contributions made by individual donors. Once the donation is made, the organization has legal control over it. However, the donor, or their representative, retains advisory privileges on the distribution of funds and the investment of assets in the account. Donors' contributions are eligible for a tax deduction at the time they are made, even though the money may not be dispersed to a charity until much later.

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 share blessings along the way? While I do not generally recommend that parents take from their *needed* retirement reserves, I do recommend they consider gifting to their adult children to help them with things like the purchase of a new home/car, paying for a family trip, or even just an amount periodically to ease or enhance their lives in some way.

IRS Gifting Guidelines: Any individual can accept a gift up to the federal gift tax exclusion amount (\$19,000 in 2025), without the giver incurring a tax or having to report the gift. Gift givers can subtract amounts greater than \$19,000 from a lifetime exemption amount (without having to pay taxes on it). This is known as the Unified Credit. This amount is \$13.99mil per person (\$27.98mil for married couples) in the 2025 tax year (up from \$13.61mil 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 a US Citizen)
- A gift to cover education tuition, if paid directly to the educational institution (excludes gifts to cover room and board, books or supplies)
- Gifts to cover 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 us at 770.931.1414 to schedule an appointment for your complimentary consultation or visit www.RogerSGreen.com.

^{1,2} www.IRS.gov

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