



# Giving Simplified

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**RAYMOND JAMES** *Trust*

According to Giving USA, in 2023 Americans gave

**\$557.16 billion**

to charity, a 1.9% increase compared to 2022.

# Giving USA 2024 Report

## Where did the generosity come from?

**Contributions by source**  
By percentage of the total

**67%** \$374.40 billion

**Giving by Individuals**

↑ grew by 1.6% from 2022

**19%** \$103.53 billion

**Giving by Foundations**

↑ increased 1.7% over 2022

**8%** \$42.68 billion

**Giving by Bequest**

↑ increased 4.8% over 2022

**7%** \$36.55 billion

**Giving by Corporations**

↑ increased 3.0% over 2022

Over the last five years, giving by **Individuals** grew at an annualized average rate of 4.3%.

By comparison, foundations grew at an annualized average rate of 8.3%.

\*All figures on this infographic are reported in current dollars unless otherwise noted. Inflation was slightly higher than average in 2023, at 4.1%, and results may differ when adjusted for inflation. Learn more in the chapters.

Source: Giving USA

## Where did the charitable dollars go?

**Contributions by destination**

percentage of the total contributions\*

↑ 3.1%	👤	\$145.81 billion to <b>Religion</b>	24%
↑ 5.8%	👐	\$88.84 billion to <b>Human Services</b>	14%
↑ 11.1%	🎓	\$87.69 billion to <b>Education</b>	14%
↑ 15.4%	🏛️	\$80.03 billion to <b>Foundations</b>	13%
↑ 11.6%	💰	\$62.81 billion to <b>Public-Society Benefit</b>	10%
↑ 8.7%	✚	\$56.58 billion to <b>Health</b>	9%
↑ 2.5%	🌐	\$29.94 billion to <b>International Affairs</b>	5%
↑ 11.0%	🎨	\$25.26 billion to <b>Arts, Culture, and Humanities</b>	4%
↑ 8.2%	🌿	\$21.20 billion to <b>Environment/Animals</b>	3%
↓ 17.2%	👤	\$20.66 billion to <b>Individuals</b>	3%

change in comparison to total raised in 2022

\*Percentages for recipient categories are calculated using the sum of recipients, which can differ from total giving for any given year. This difference is called unallocated giving, and totaled -\$61.66 billion in 2023.

Donor-advised funds are among the fastest growing forms of giving. Learn more about where grants from DAFs go in the chapter on donor-advised funds.



Five of nine subsectors reached their all time high in 2023, even when adjusted for inflation: **human services; education; health; arts, culture, and humanities; and environment/animals.**

Source: Giving USA

# Giving options explained

Charitable Trusts, Private Foundations and  
Donor Advised Funds (DAF)



# Shared benefits

## Charitable Trusts, Private Foundations and DAFs

- Opportunity to **reduce taxable income**
- **Avoid or defer capital gains** on appreciated securities
- **Strategic timing** of charitable gifts
- Portfolio management for **high concentrations**
- **Simplified accounting** of donations
- **Tax-free or reduced tax** on growth of charitable assets
- **Leave a legacy**



# Charitable Remainder Trust

## Things you should know...

- Annuity or unitrust structure
- Payout to the beneficiaries must be between 5% - 50%.
- Payout must be projected to leave at least 10% of initial donation value to remainder beneficiary.
- Defer capital gains on highly-appreciated assets
- Reduce taxable income; portfolio management for concentrations
- May name DAF as charitable beneficiary.

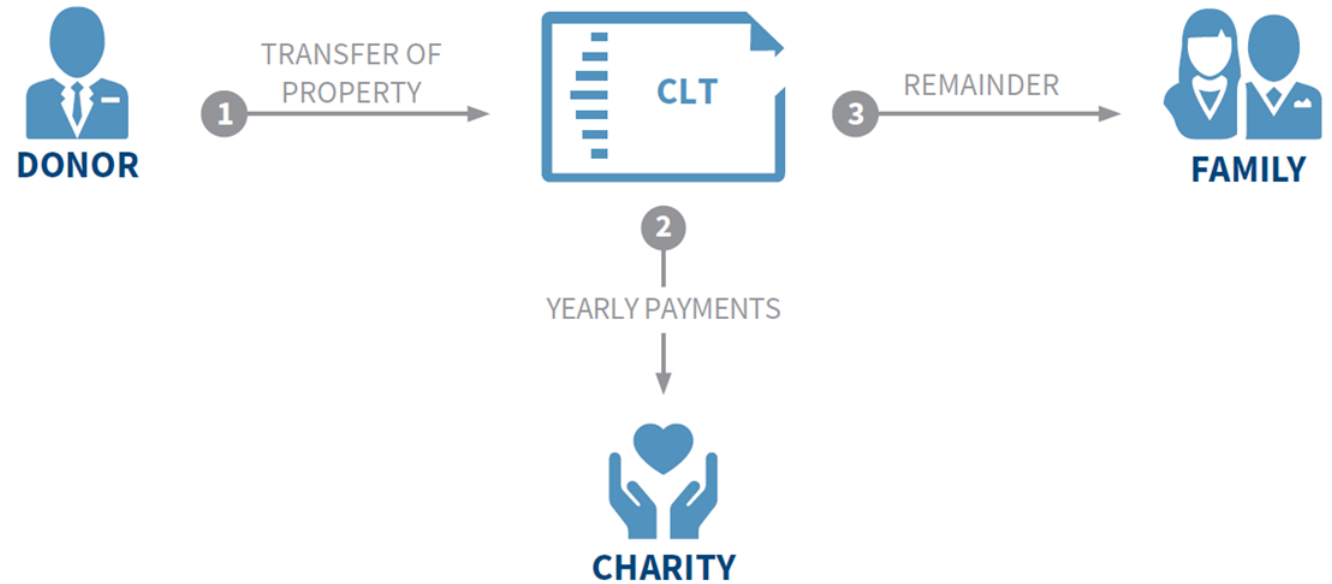


Please be aware that there may be substantial fees, charges and costs associated with establishing a charitable remainder trust.

# Charitable Lead Trust

## Things you should know...

- Provide on-going, immediate gifts to preferred charities.
- Transfer gifts to heirs with little or no estate or gift tax.
- Can be grantor or non-grantor lead trust.
- May name DAF as charitable beneficiary.

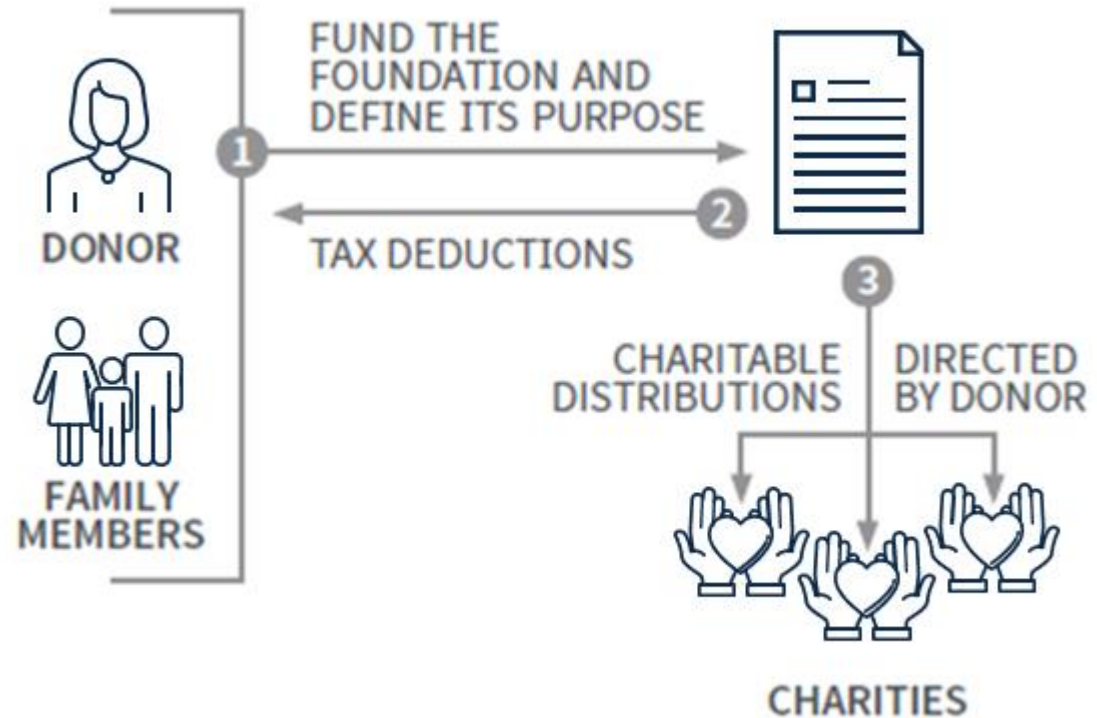


Please be aware that there may be substantial fees, charges and costs associated with establishing a charitable lead trust.

# Private Foundations

## Things you should know...

- Governed by a board, corporate or trust structure
- Privately funded, financials are public
- Annual 990-PF filing required
- 5% annual distribution requirement
- Excise tax on investment income
- Caution on conflict of interests on paying family members. Burden of proof high on no self-dealing.





# Donor Advised Fund (DAF)



Donors are urged to consult their attorneys, accountants or tax advisors with respect to questions relating to the deductibility of various types of contributions to a donor advised fund for federal and state tax purposes.

To learn more about the potential risks and benefits of donor advised funds, please contact us.

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# Why a Donor Advised Fund?



Receive tax deduction today; decide on grants to charity later

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Avoid capital gains in highly appreciated stock

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“Bunch” gifts to help overcome higher exemption amounts to itemize

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Establish a permanent legacy or honor the memory of a loved one



Give anonymously, if desired

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Can run it like a foundation, with family meetings to decide on gifts

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Ensure a lasting legacy; family can continue to give after client's passing

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Makes giving simple and easy.  
Low minimum to start.

# DAF Options & Restrictions

Things you need to know ...

## CHARITABLE GRANTS MUST

- Be to a U.S.-based charity
- Not fulfill an existing binding pledge
- Not provide a private benefit (i.e., tickets, table, auction, etc.)
- Not benefit a specific individual
- Not be used by a charity for lobbying
- May be given anonymously

## DONOR ADVISORS (THE CLIENT)

- Possible to have more than one at a time
- May be someone other than the donor
- May designate their successor advisors (individuals or charities)
- Successors may designate their successors

## INVESTMENTS

- Vary between programs
- Typically, more options available on larger account sizes.

# Factors for choosing between vehicles

- Amount to be gifted
- Control desired
- Recognition goals
- Flexibility of giving
- Donor's interests in involvement
- Time horizon for giving
- Tax savings goals

# Giving Vehicles Comparison

Compare various charitable giving vehicles to determine which option aligns with your giving goals and objectives.

	DONOR ADVISED FUNDS	PRIVATE FOUNDATION	CHARITABLE REMAINDER AND LEAD TRUSTS	CASH OR CHECK
<b>Consider when</b>	You want a simple solution with low costs and the potential to grow tax-free	You want to run your own charity, employ staff, and have greater flexibility on grant-making	You want a trust that can generate income for heirs or charities	You want to keep track of your own donation receipts or make one-off gifts
<b>Organizations you can give to</b>	IRS-qualified public charities	Various organizations and potentially individuals, if as a result of a documented program	IRS-qualified public charities, DAFs, and private foundations (in most cases)	Public charities, private foundations and individuals (although a gift to an individual is not necessarily tax-deductible)
<b>Time to establish</b>	Immediately	Several weeks/months	Several weeks/months	Immediately
<b>Typical minimum</b>	\$5,000-\$10,000	\$1 million+	\$1 million+	Any
<b>Costs to establish</b>	×	✓	✓	×
<b>Ongoing costs</b>	✓	✓	✓	×
<b>Growth potential</b>	✓	✓	✓	×
<b>Donations of non-cash assets</b>	✓	✓	✓	×
<b>Income tax deduction (as a % of Adjusted Gross Income)</b>	60% for cash 30% for appreciated assets	30% for cash 20% for appreciated assets	Depends on the type of trust and type of charity being supported	60% when donating to a public charity 30% when donating to a private foundation
<b>Tax on investment income</b>	×	✓ 1.39% of net investment income	✓ X Depends on nature of trust	N/A
<b>Required annual distributions</b>	×	✓ At least 5% of net asset value	✓ Typically at least 5-6% of market value	N/A
<b>Required to file its own tax return</b>	×	✓	✓	N/A
<b>Give anonymously</b>	✓	×	✓	×
<b>Ability to name successors</b>	✓	✓	✓	×

# RAYMOND JAMES *Charitable*

## PROGRAM SPECIFICS

**\$10,000**

***Client's*** initial contribution  
minimum of cash / or  
marketable securities

**\$500**

Minimum subsequent  
donation

**1-5 days**

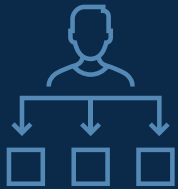
Grant distribution to  
charity typical timeframe

**\$100**

Minimum grant



# Donation strategies



Consider these giving strategies.

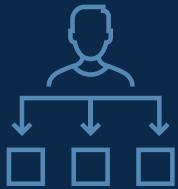
## Donating Appreciated Stock

The investor avoids capital gains taxes on the appreciated amount that would have been incurred if the stock were sold and receives a tax deduction for the full fair-market value of the long-term capital gain – up to 30% of adjusted gross income.

	Purchase price of stock: <b>\$5,000</b>	>	Current value of stock: <b>\$25,000</b>
	Long-term capital gains tax rate: <b>15%</b>		
	<b>OPTION 1</b> Sell stock and donate the after-tax proceeds		<b>OPTION 2</b> Contribute stock directly to Raymond James Charitable
Long-term capital gains taxes paid	<b>\$3,000</b>		<b>\$0</b>
Charitable contribution and tax deduction	<b>\$22,000</b>		<b>\$25,000</b>
Tax savings	<b>\$2,280</b>		<b>\$6,000</b>
			> <b>\$3,000</b> Additional amount available to grant to charities
			> <b>\$3,720</b> Additional tax savings

This is a hypothetical example for illustrative purposes. The example does not take into account any state or local taxes or the Medicare net investment income surtax. The tax savings shown is the tax deduction, multiplied by the donor's income tax rate (24% in this example), minus the long-term capital gains taxes paid.

# Donation strategies



Consider these giving strategies.

## Non-Cash Donations

Consider gifts of real estate, art, jewelry or privately-held stock via our partners at Charitable Solutions, LLC.

### NON-CASH DONATIONS IN TEN EASY STEPS

- step one** 1 Donor wants to donate illiquid assets to "Favorite Charity" but cannot due to Charity's lack of expertise, lack of time needed to complete the gift and desire to avoid taking on associated risks.
- step two** 2 Charity contacts **Charitable Solutions, LLC** to discuss the potential donation.
- step three** 3 Charitable Solutions covers the process and potential transaction with Donor and his/her advisors. A timing and fee quote is provided and all parties agree to proceed.
- step four** 4 Donor completes Memo of Understanding specifying all parties' responsibilities, expectations & fees. Donor completes DAF Agreement after reviewing Policies.
- step five** 5 Client transfers asset to Dechomai Foundation to establish Donor Advised Fund.
- step six** 6 Dechomai provides gift acknowledgement documents and assists with Form 8283.
- step seven** 7 Dechomai sells asset for the highest price possible as quickly as possible and completes Form 8282.
- step eight** 8 Donor recommends grant to "Favorite Charity."
- step nine** 9 Upon due diligence and Board approval, Dechomai grants the entire net proceeds to Charity.
- step ten** 10 Dechomai closes Donor Advised Fund.



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# Donation strategies

Consider the difference between donating pre-transaction vs. post-transaction.

## Donating Privately-Held Stock

The investor avoids capital gains taxes on the appreciated amount that would have been incurred if the stock were sold and receives a tax deduction for the full fair-market value of the long-term capital gain – up to 30% of adjusted gross income.

Gift: S-Corp shares worth **\$1 million**

Cost Basis: **zero**

Long-term capital gains tax rate: **20%**

### OPTION 1

Sell stock and donate the after-tax proceeds

### OPTION 2

Contribute stock directly to public charity or DAF program

Long-term capital gains taxes paid

\$200,000

\$0

Charitable contribution and tax deduction

\$800,000

\$1,000,000

Net amount sent to DAF

\$800,000

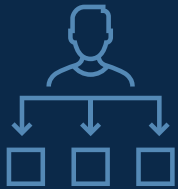
\$895,000\*

\*Net of UBIT tax and fees to liquidate, usually 2.5%

This is a hypothetical example for illustrative purposes only.

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# Donation strategies



Consider these giving strategies.

## Roth Conversions with DAFs

Roth IRAs are popular with pre-retirees because they allow you to avoid RMD rules and allow clients to withdraw earnings tax-free in retirement. Converting to a Roth IRA is a taxable event. Offset some of the taxes with strategic giving.

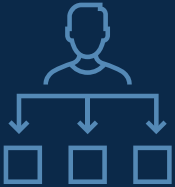
### THE DIFFERENCE A DAF MAKES

	Roth conversion <i>without</i> DAF offset	Roth conversion <i>with</i> DAF offset
Roth conversion amount	\$500,000	\$500,000
DAF charitable contribution	\$0	\$100,000
<b>Taxes paid to IRS</b>	<b>\$185,000</b>	<b>\$148,000</b>
<i>Assuming a 37% tax rate and \$100,000 fully deductible charitable contribution</i>		

This is a hypothetical example for illustration purposes only.

Unless certain criteria are met, Roth IRA owners must be 59 1/2 or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount may be subject to its own five-year holding period. Converting a traditional IRA into a Roth IRA has tax implications. Investors should consult a tax advisor before deciding to do a conversion.

# Donation strategies



Consider these giving strategies.

## Qualified Charitable Distributions (QCDs)

With QCDs, an IRA owner or beneficiary over age 70 ½ can donate up to \$105,000 directly from an IRA to a charity without getting taxed on the distribution. A QCD can be used to satisfy part or all of your required minimum distribution (RMD) up to the QCD limit of \$105,000.

### HOW IT WORKS

The QCD must be paid directly to the charity, which must be a qualified 501(c)(3) institution eligible to receive tax-deductible contributions. A QCD cannot be made to a private foundation, donor advised fund or supporting organization (as described in IRC 509(a)(3)). However, SECURE Act 2.0 of 2022 allows a QCD to be directed to a split interest entity such as a charitable gift annuity or charitable remainder trust provided several conditions are met (not discussed here).

The charitable entity, as the recipient of the QCD, must receive the donation by December 31 in order to ensure tax reporting for the proper year.

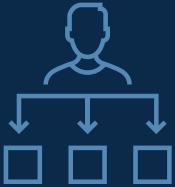
#### How to file taxes with a QCD

Your 1099-R form will show the distributed amount for the calendar year when your withdrawal is made with no code indicating a QCD. Therefore, when filing:

- List the QCD amount on the 1040 tax form on the line designated for IRA distributions.
- On the line for the taxable amount, enter zero if the full amount was a qualified charitable distribution.
- Enter "QCD" next to this line. See the Form 1040 instructions for additional information.

We recommend seeking guidance from your tax professional.

# Donation strategies



Consider these giving strategies.

## Charitable Bequests

Many donors are more comfortable giving upon their death. Naming a charity in your will or trust documents is another way to help your legacy of philanthropy live on.

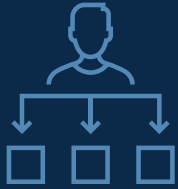
Four types of bequests:

1. **General bequests** – gifts of property taken from an estate's general assets
2. **Demonstrative bequests** – gifts from a particular source like a bank account
3. **Specific bequests** – gifts of tangible property or cash
4. **Residuary bequests** – after all debts and expenses paid, a percentage or remainder of the assets are gifted

When naming a charity as beneficiary on your accounts (i.e. IRAs, annuities or life insurance), be sure you list the tax ID and name of the charity correctly, as well as your fund name if gifting to a DAF.



# Donation strategies



Introduce your clients to these giving strategies.

## Bunching

By making a larger charitable gift this year - equal to the total donations they would have made over the next several years - donors could take advantage of itemizing now and using the standard deduction over the next, few years.

WITHOUT BUNCHING	2024	2025	2026	2027	Total
Charitable deduction	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
State and local tax	\$15,000	\$15,000	\$15,000	\$15,000	
Tax prep, mortgage, etc.	\$3,000	\$3,000	\$3,000	\$3,000	
Total of itemized deductions	\$28,000	\$28,000	\$28,000	\$28,000	
Standard deduction	\$29,200	\$29,200	\$29,200	\$29,200	
Deduction used	\$29,200	\$29,200	\$29,200	\$29,200	\$116,800

WITH BUNCHING	2024	2025	2026	2027	Total
Charitable deduction	\$20,000	\$0	\$20,000	\$0	\$40,000
State and local tax	\$18,000	\$18,000	\$18,000	\$18,000	
Tax prep, mortgage, etc.	\$3,000	\$3,000	\$3,000	\$3,000	
Total of itemized deductions	\$41,000	\$21,000	\$41,000	\$21,000	
Standard deduction	\$29,200	\$29,200	\$29,200	\$29,200	
Deduction used	\$41,000	\$29,200	\$41,000	\$29,200	\$140,400

# *“Can I transfer a DAF to Raymond James Charitable?”*

Yes, in just two steps!

- 1) Open a DAF with Raymond James Charitable
- 2) Make a grant from the existing program to fund ours!

# Which DAF program is best for me?

Key things to consider when comparing programs

- Confirm the costs are worth it
- Understand minimums for contributing and granting
- Investigate investment options
- Uncover any and all grant restrictions

# Let us tailor a plan for you

One of the greatest privileges of wealth is getting to support the people and causes that mean the most to you. Let's make your philanthropic vision a reality.

**RAYMOND JAMES** *Trust*

# RAYMOND JAMES *Trust*

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