

# Trends in Charitable Giving and Estate Planning



Qualified Charitable Distributions  
("QCDs")



Gift of appreciated assets (e.g.,  
stock, crypto currency, etc.)



Donor Advised Funds ("DAFs") vs.  
Private Foundations



Charitable Remainder Trusts  
("CRTs") vs. Charitable Lead Trusts  
("CLTs")

# Qualified Charitable Distributions (“QCDs”)

A tax efficient way to make charitable distributions from qualified retirement accounts to an eligible charity

The plan owner and charity pay no income taxes on the distribution

## Requirements:

- Account holder must be over 70.5 years old
- \$111,000 annual maximum per person
- Eligible charity = 501(c)(3) status
  - No DAF or private foundation

# Qualified Charitable Distributions (“QCDs”)

## How to make a QCD?

- Directly to the eligible charity from the qualified retirement account
- Should not pass through the hands of the account holder

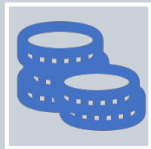
## Effect on Required Minimum Distribution (“RMD”)

- Reduces taxpayer’s annual RMD requirement dollar-for-dollar
- QCD can be above and beyond your annual RMD, but no carry forward for future RMDs

# Gift of Appreciated Assets



A tax efficient way to make charitable gifts of appreciated assets to an eligible charity



The owner and charity pay no capital gains taxes as part of the gift



Types of Assets:

- Closely Held Stock/Business Interest
- Publicly Traded Securities
- Cryptocurrency
- Art and Collectibles
- Real Estate

# Gift of Appreciated Assets



The gift is generally deductible by the taxpayer at its fair market value

The property must be held by the taxpayer for at least 1 year



The gift can be made to a 501(c)(3) charity, DAF or Private Foundation

AGI cap varies (20% private foundation, 30% public charities/DAF)  
5 year carry forward



# Donor Advised Funds (“DAFs”) vs. Private Foundations

## Privacy

- Private Foundation
    - Donors may choose to be recognized or to give anonymously to charities
    - Required to complete form 990-PF, which will be publicly disclosed, containing names of directors, officers, contributors, revenues, expenditures, and grants
  - Donor Advised Funds
    - Donors may choose to be recognized or to give anonymously to charities
    - Files an aggregated return, allowing donor names associated with a donor advised fund to be kept private
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# Donor Advised Funds (“DAFs”) vs. Private Foundations Administration

- Private Foundations
    - Needs staff, usually in the form of a Trust Company, to ensure compliance with filings and management of investments
    - Ability to have family members or others in paid positions to continue the foundation’s mission
    - 5% annual distribution requirement
  
  - Donor Advised Funds
    - Maintains staff to ensure compliance with filings and management of investments
    - Ability to name family members or others as successor advisors to the fund, but not to receive compensation or reimbursement for expenses
    - No IRS requirements, but some funds do place annual distribution requirement on accounts
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# Donor Advised Funds (“DAFs”) vs. Private Foundations

## Control

- Private Foundations

- Ability to make donations to charities, grants to other qualifying organizations, and grants to individuals for qualified purposes (scholarships, research, mission work, etc.) and organizations without an affiliation to the United States
- Controlled by the board of directors who direct administration, investment and grantmaking activities
- Autonomy to change staffing

- Donor Advised Funds

- Ability to make donations to charities, grants to other qualifying organizations, but not to individuals or organizations not affiliated with the United States
  - Once a donation is made to a donor advised fund, you can roll the remaining donation over to another fund if desired
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# Donor Advised Funds (“DAFs”) vs. Private Foundations

## Cost

- Private Foundations
    - Start up costs of attorney and accountant fees
    - Excise tax of 1.39% on net investment income
    - Annual administrative costs vary, usually slightly higher than a donor advised fund if the foundation will be funded with >\$10M
    - Contributions are subject to an annual income tax deductibility limit of 30% of AGI for cash and 20% for securities
  - Donor Advised Funds
    - No start up costs
    - No excise tax
    - Annual administrative costs vary, usually lower than a private foundation
    - Contributions are subject to an annual income tax deductibility limit of 60% of AGI for cash and 30% for appreciated assets
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# Charitable Remainder Trusts (“CRTs”) and Charitable Lead Trusts (“CLTs”)

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- Both CRTs and CLTs are estate planning tools for people who seek to benefit both a charity and individual beneficiaries
- The irrevocable trust is often funded in the same year as a large income tax event, so as to offset income taxes
  - E.g., sale/future sale of a business or other large asset

# Charitable Lead Trusts ("CLTs")

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- A CLT is an irrevocable trust that provides for distributions to one or more charities for a term/lifetime, with the remaining trust assets, if any, being paid to descendants/other beneficiaries
- You can select specific charities to receive distributions from the CLT, including a DAF
- The creation and funding of a CLT is a gift to both the charitable beneficiary and to your descendants/other beneficiaries
- The more assets appreciate over the term of the CLT, the more funds there will be for your descendants/other beneficiaries

# CLT Example

- John sells his family business in January and decides to contribute \$1,000,000 to a CLAT in February of 2026.
  - Section 7520 rate (hurdle rate) is 4.6%
  - Assumption that assets appreciate at 8% annually
  - Annual annuity payments are made to the charity over the 10 year term
  - John's charitable contribution of \$1M is 100% deductible (assuming the CLAT is zeroed out)
- Payments to John's Charity over 10 years = \$1,355,551
- Remainder Interest to John's children free from estate taxes = \$403,994

# Charitable Remainder Trusts ("CRTs")

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- A CRT is the opposite of the CLT in that the charitable interest is the remainder after a period of payments to you or your family.
- Like a CLT, a CRT can be created upon your death or during your lifetime. With the CRT, you, or other named beneficiaries, would receive the initial payment stream, and one or more charities would be designated to receive the remainder.
- One of the benefits of a CRT is that it is taxed like a charitable organization, meaning that *you can contribute low basis property to a lifetime CRT and avoid paying tax on the capital gains when the property is sold.*
- Because the assets of the CRUT pass to charity after the initial term, there will be **no estate tax** paid on the assets of the CRUT at your death.

# CRT Example

- John (age 60) plans to sell a large amount of stock in a business that he has a very low tax basis in so that he can diversify his portfolio. Before he sells, he has decided to contribute it to a CRUT in February of 2026. The property is worth approximately \$1,000,000.
  - Section 7520 rate (hurdle rate) is 4.6%
  - Assumption that assets appreciate at 8% annually
  - Annual annuity payments are made to John during his life, with the remainder interest going to charity
  - Only a portion of the \$1,000,000 counts as a charitable deduction (10% in this example)
  - Capital Gains Taxes are deferred/paired with annuity unitrust payments
- Total payments to John in varying annual installments over his projected life expectancy (22 years) = \$1,628,621
- Remainder Interest to John's charity = \$236,431

# Updates Under “One Big Beautiful Bill Act”

## Expanded Incentives

- **60% AGI Limit Made Permanent:** Cash gifts to public charities remain deductible up to 60% of AGI, now a permanent rule.
- **New Above-the-Line Deduction:** Non-itemizers can deduct up to **\$1,000** (single) or **\$2,000** (joint) for cash gifts to public charities beginning in 2026.
- **New Federal Tax Credit for SGO Contributions:** 100% credit for cash gifts to certified Scholarship Granting Organizations—up to **\$1,700** (single) or **\$3,400** (joint). Scholarships awarded by SGOs are excluded from income.

# Updates Under “One Big Beautiful Bill Act”

## New Limitations

- **0.5% AGI Floor for Itemized Charitable Deductions:** Itemizers may deduct contributions only to the extent they exceed 0.5% of AGI. Carryforward allowed for 5 years.
- **1% Floor for Corporate Giving:** Corporations may deduct charitable gifts only to the extent contributions exceed 1% of taxable income.
- **Cap on Deduction Value for High-Income Taxpayers:** For those in the 37% bracket, itemized deductions—including charitable gifts—yield a maximum effective tax benefit of 35%.



Questions?

Thank you!



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