Please note: This is a transcription so there may be slight grammatical errors.

Drew Battle:

If you often give to charity, you might want to think about developing a planned giving strategy.

Planned giving, also known as gift planning or legacy giving, is a donation to charity that requires a more strategic approach than simply writing a check. Unlike standard donations, planned giving can allow you to create a legacy, reduce taxes, and make significant gifts to the charities of your choosing. Some forms of planned gifts even allow you to make a large gift to an organization and receive a monthly income. A really simple way to get started with a planned giving strategy is by changing either of your beneficiary designations on your IRA to a charity. Another easy way is through qualified charitable distributions or QCDs. If you're over 70 and a half and would like to make a charitable contribution, a QCD can offer a simple way to give while taking a tax advantaged approach. A QCD also satisfies your annual required minimum distribution from your IRA, reduces income taxes, and reduces future RMDs.

You can make a qualified charitable distribution of up to $100,000 per calendar year or $200,000 for married couples. But it's important to note, QCDs can only be made from IRA assets. Another planned giving strategy involves gifting a long term appreciated property to a non-profit. The nonprofit benefits from the gift, and you typically won't pay capital gains when the asset is sold by the nonprofit. In turn, you can deduct the fair market value of the gifted asset. If you are looking to lower your estate taxes, you may also consider gifting money, assets or property to a charity at the time of your death. Donations given through a will, beneficiary designation, charitable remainder trust or remainder interest deed will not be included in the donors' estate for state tax purposes. You may even lower your heir's income taxes by gifting tax heavy assets such as traditional retirement accounts to charity.

If lowering your income taxes is a priority, you might consider using a popular vehicle called a donor advised fund or DAF. With a DAF, a donor contributes to a private fund and then can distribute the funds to their chosen nonprofits over several years while maximizing the charitable tax benefit in a single year. DAF assets can also be invested and continue to grow tax free until they're ultimately gifted to charity. There are other strategies to consider here too, so make sure you talk to a professional advisor about what's best for your situation. If you want to make a gift but are concerned about needing income, then either a charitable gift annuity or a charitable remainder trust might be a good fit. Both allow you to make a significant gift to the charity and receive the income tax deduction. The charity then pays an income stream to you, your spouse, or even other beneficiaries.

At the end of the term, the charity keeps the balance of the gift. Another planned giving strategy is through a charitable lead trust or CLT. A CLT does the opposite and pays an income stream to the charity or charities of your choice for certain term, and the remaining amount pays out to your beneficiaries. However, you still get an income tax deduction upfront for the gift to the charity. As the name implies, developing a planned giving strategy takes time and planning, but the right strategy cannot not only have a positive impact on your financial future, it can also enable nonprofits that are important to you to achieve their missions. Ready to get started with planned giving? Call CAPTRUST. We're here to help.