

Virtual Event | Strategy Series

Year-End Family Legacy & Philanthropic Considerations

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Mission Wealth is a Registered Investment Advisor. 00558112 12/23



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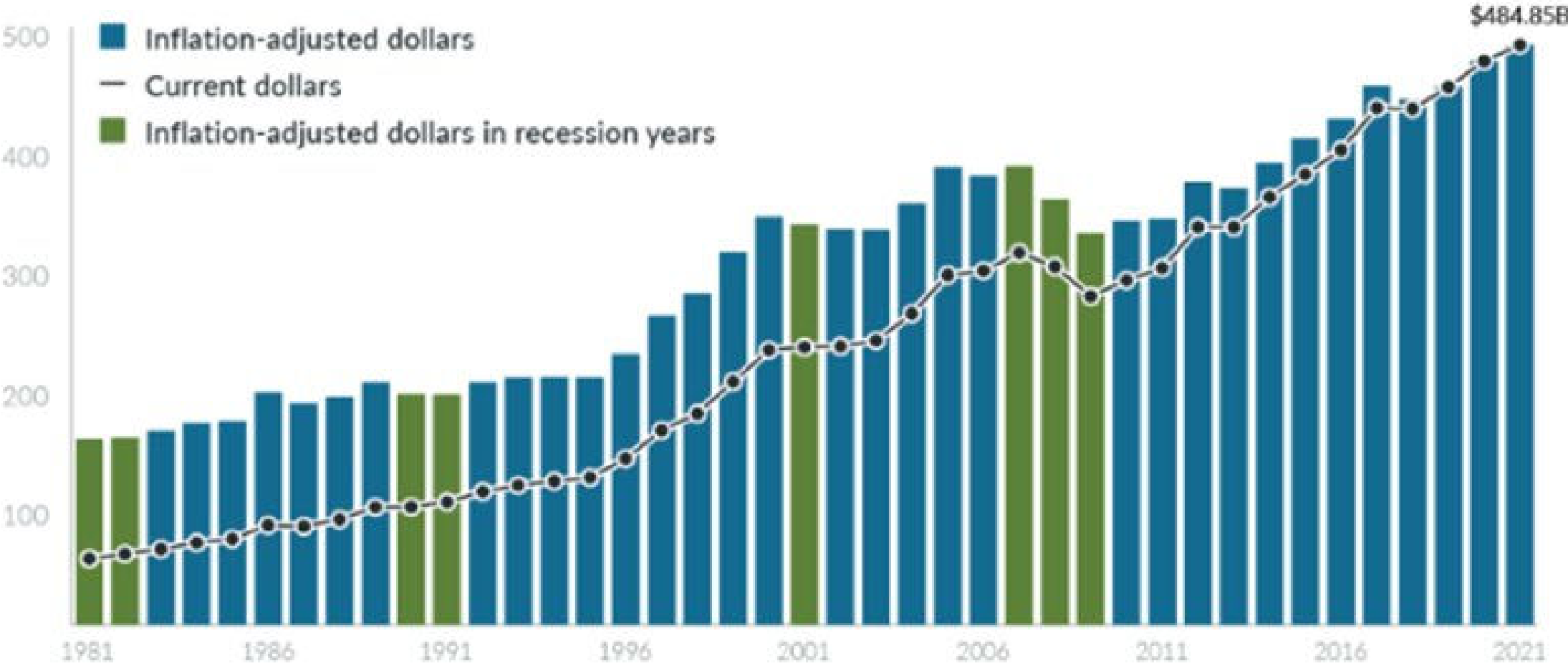
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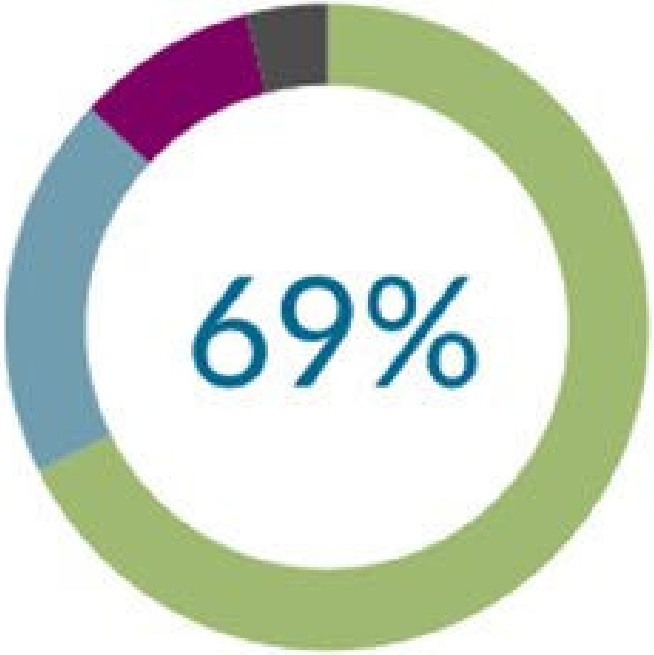
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Philanthropy in America

Charitable giving continues to increase




An overwhelming majority of that giving is done by individuals



- Individual
- Foundations
- Bequests
- Corporations

Source: "Giving USA 2022 Study," Lilly Family School of Philanthropy.



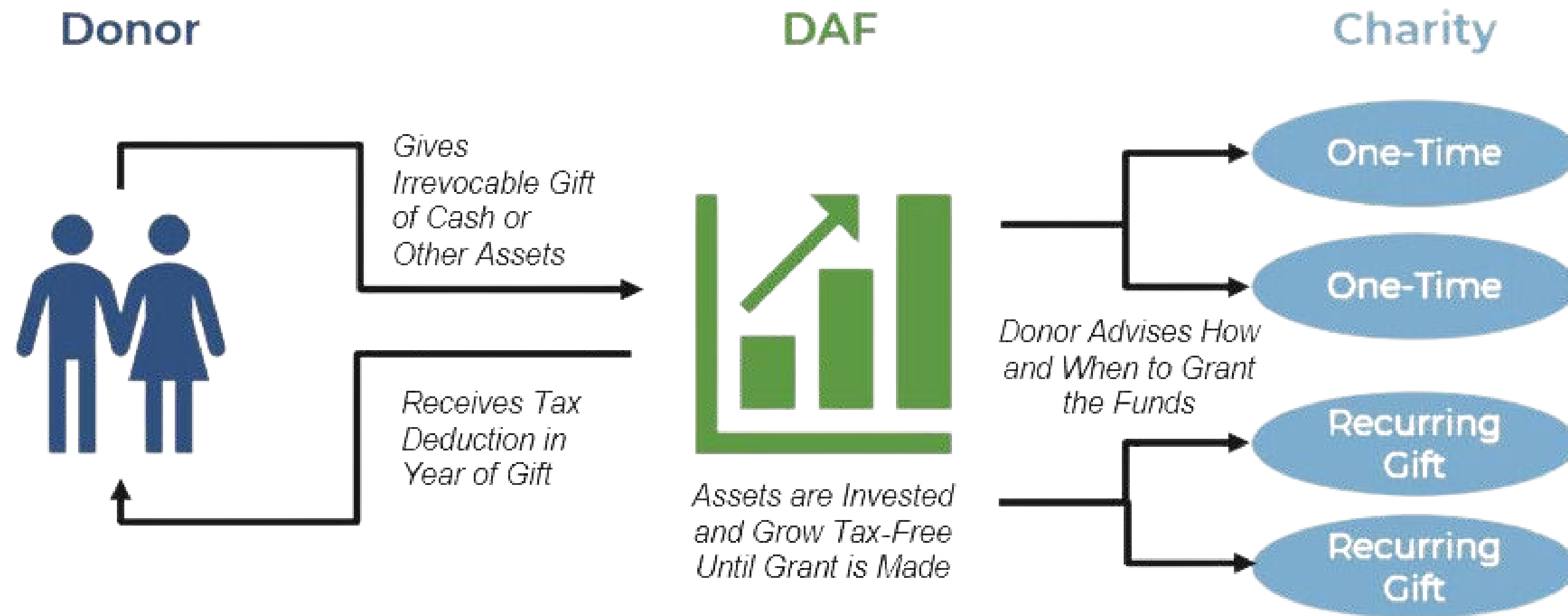
Who has already
created a charitable
giving or legacy plan?



Please answer in the poll.



What is a Donor-Advised Fund?



Does bunching contributions work for you?

Assumes:

- Married filing jointly – tax filing status
- \$250,000 of combined income for the married couple
- \$10,000/year – amount you normally give to charity each year
- \$12,000/year - other itemized deductions (such as mortgage interest and state taxes)

	Without bunching	Bunch 2 years of donations	Bunch 3 years of donations
Total charitable donation	\$10,000	\$20,000	\$30,000
Tax savings from donation	\$0	\$1,032	\$3,432
Additional tax savings due to bunching	NA	\$1,032	\$3,432

Itemizing your taxes only reduces your tax bill when your deductions (including charitable gifts) add up to more than the standard tax deduction. For you, a taxpayer filing as Married Filing Jointly, the standard deduction would be **\$27,700**.

In this scenario, it's likely you will receive a tax benefit from your donation if you bunch two or more years' worth of giving into the current year. This could also provide additional tax benefits if your tax rate this year is higher than future years. This is a hypothetical scenario, so please consult with a tax advisor or contact Schwab Charitable before taking action.

schwabcharitable.org/maximize-your-impact/tax-calculator

What is a Qualified Charitable Distribution (QCD)?

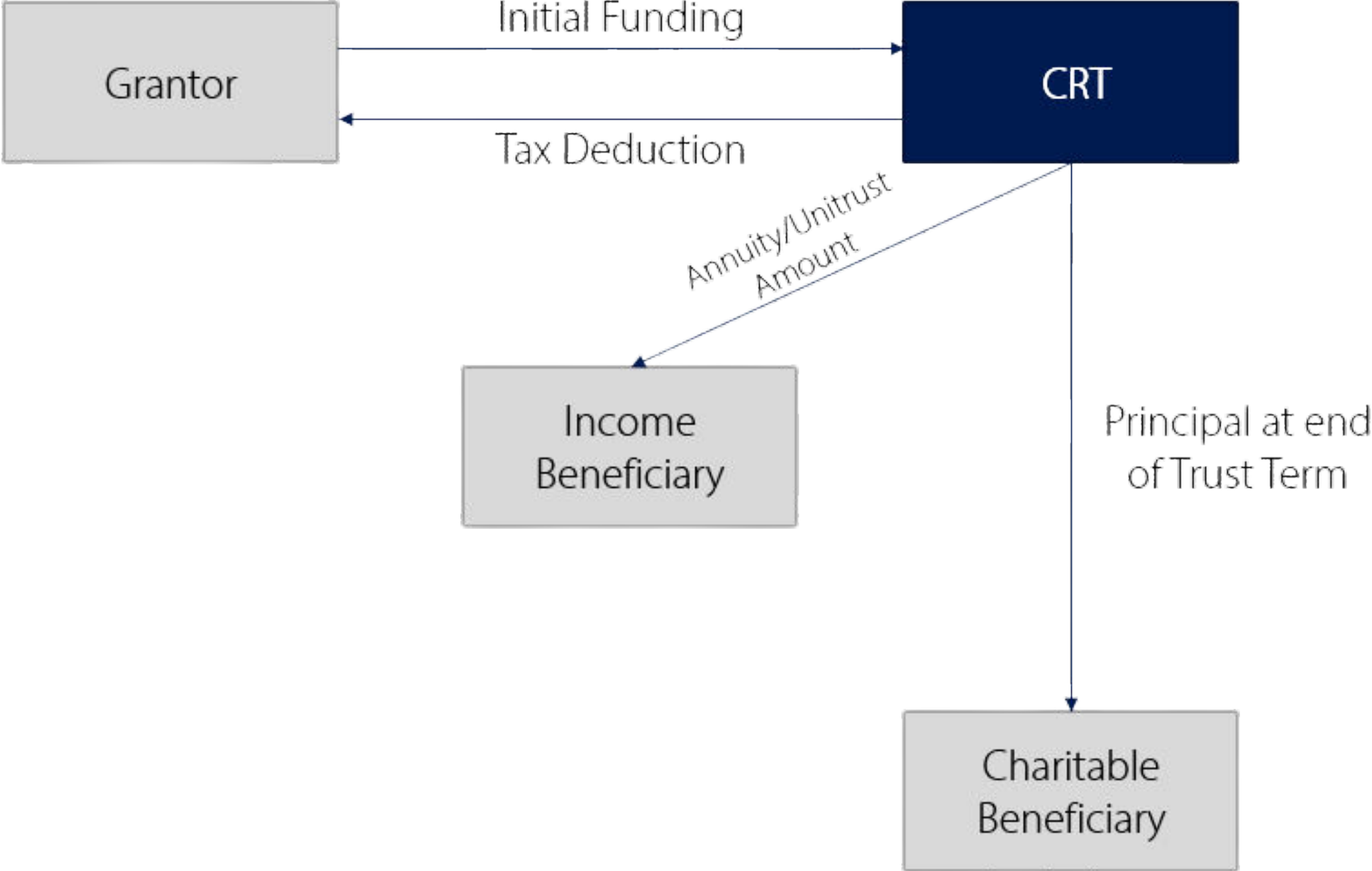
	Option 1: Take RMD income and donate cash	vs	Option 2: Tax-smart approach—make a QCD and satisfy RMD
Bob's adjusted gross income	\$122,683		\$80,000
Bob's charitable gift	\$42,683 (cash)		\$42,683 (QCD)
Itemized or standard deduction	\$42,683 itemized deduction		\$15,700 standard deduction
Bob's estimated federal taxable income	\$80,000		\$64,300

A QCD lowers Bob's taxable income by \$15,700

	PRIVATE FOUNDATION	DAF
Tax Deduction	Immediate	Immediate
AGI Tax Deduction Limitation – Cash	30%	60%
AGI Tax Deduction Limitation – Long-Term Capital Gain Property	20%	30%
Ease of Creation	Complex – legal expenses, applications to IRS and state entities, and start-up costs	Simple – can be opened online
Ongoing Costs	Yes - legal, tax compliance, and administrative fees	Yes - limited to sponsoring organization (custodial) fee
Annual Minimum Distribution Requirements	Yes - 5%	No - subject to sponsoring organization
Disclosure Requirements	Annual 990-PF Filing	No
Anonymity	No	Yes



What is a Charitable Remainder Trust (CRT)?

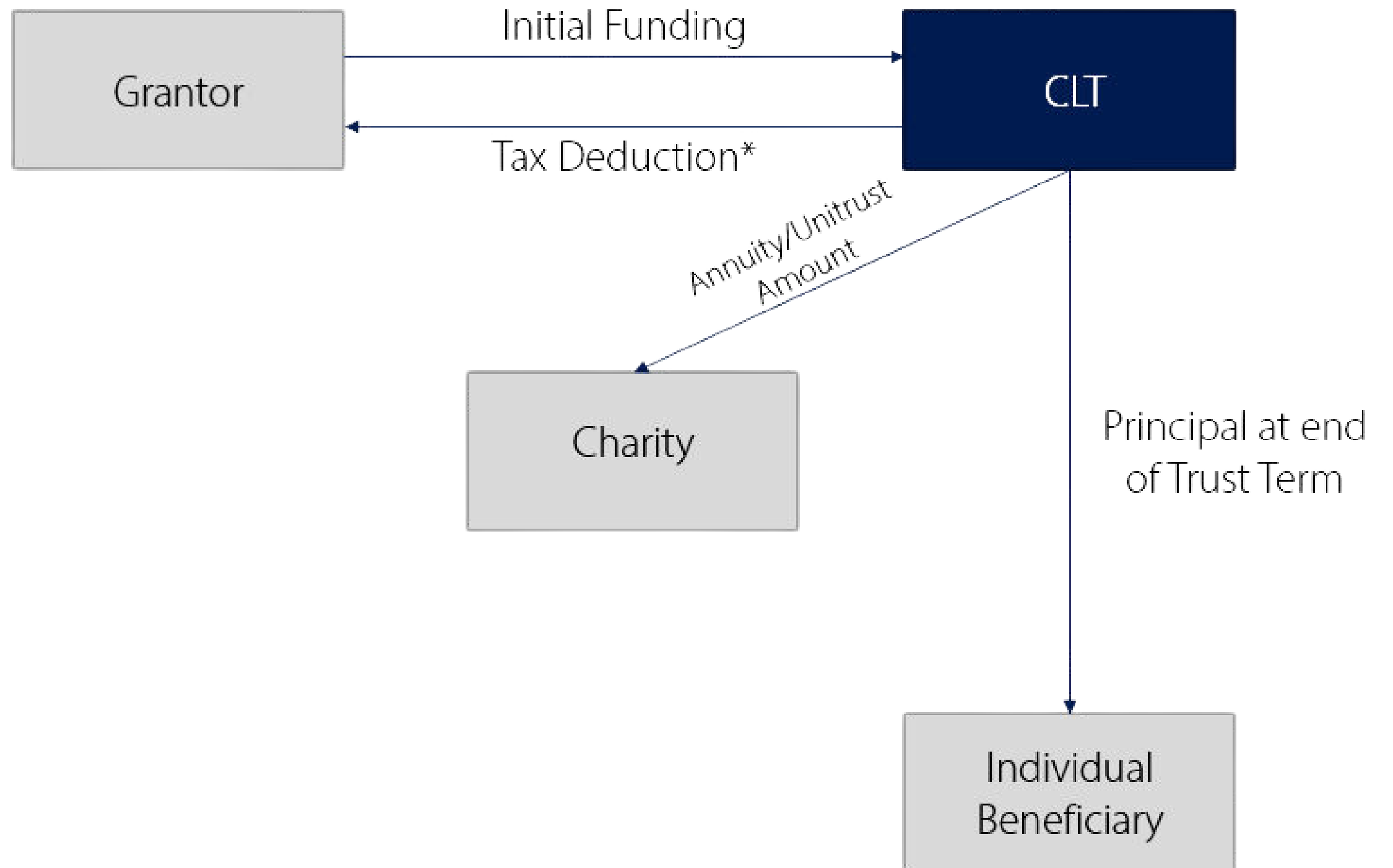


Charitable Remainder Trusts (CRT)

Charitable Remainder Unitrust Answers			
Trust Entry Data			
First Person	Mr. Grinch	Age	65
Trust Amount	\$1,000,000	Expectancy	24.4 Years
Deduction and Income			
Plan	5.0000% Unitrust	7.0000% Unitrust	
Charitable Deduction	\$435,010	\$325,180	
Income	\$50,000	\$70,000	
Total Income	\$1,553,262	\$1,708,000	
Remainder	\$1,621,305	\$1,000,000	

Assumes a 7% growth rate on Trust assets and income distributed annually.
 Deduction based on December 2023 Section 7520 rate of 5.8.

What is a Charitable Lead Annuity Trust (CLT)?





Have you had legacy conversations with your family members or beneficiaries?



Please answer in the poll.

