



AN

INVESTOR'S GUIDE

TO

STRATEGIC GIVING

Bauman Scott
— BESPOKE PORTFOLIOS —



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Nonprofit Source [reports](#) that each year, roughly 30% of all charitable giving for the year occurs in December, and 10% of annual donations come in the last three days of the year.

If you're like most investors, you feel inspired by the holidays to do good and make year-end contributions to your favorite charitable organizations. Additionally, you're also focused on the tax benefits charitable giving provides and want to finalize gifts before Dec. 31.

While charitable giving is a great thing, this tight timeline can make things more stressful than they need to be, and often means you are less strategic about charitable giving than you could be. If you want to reap more benefits from charitable giving, use this action list to make smart and strategic philanthropic decisions ahead of the year's end.

IN THIS EBOOK...

- How to start the conversation
- What to discuss with your team of professionals
- Types of gifting strategies
- Understanding the numbers
- Working within the deadlines & limitations
- The geography of giving



STEP ONE } HAVE A HIGH-LEVEL CONVERSATION ABOUT CHARITABLE GIVING

START WITH GOALS

Talk about what your goals are when it comes to charitable giving, and what motivates you to give. Is it supporting particular causes? Tax breaks? Something else?

TALK ABOUT PAST GIVING

How have you approached giving in the past? Have you planned your giving or given impulsively? What challenges did you experience with your giving?

REVIEW LIFE CHANGES

Have you lived through major life events in the past year? Were there any experiences that left an impression, like illnesses, a child going off to college, a family celebration? How might that affect charitable giving?

DISCUSS CHARITABLE LEGACIES

Some families want to establish a charitable legacy so they can give long-term support to a cause, teach succeeding generations about charitable giving or address other desires. Talk about this with your family.



STEP TWO } SCHEDULE A CONVERSATION WITH THE PROFESSIONALS

Connect with your financial team – financial advisors, tax counsel, accountant, lawyer, etc. – and other interested parties such as family members and business partners to make sure they know where you stand financially and from a tax standpoint.

REVIEW TAX CONSIDERATIONS

Make sure you are aware of any tax matters that should be considered when planning charitable giving. Do any unusual tax liabilities need to be considered? Has the client moved into a different tax bracket? Questions like these will have an impact on giving decisions.

REVIEW INVESTMENT ASSET ALLOCATION

Charitable giving can work in concert with portfolio rebalancing to offset gains or to leverage losses for tax benefit.

CONSIDER NON-CASH ASSETS

Cash donations are often the least strategic and tax-beneficial form of giving. For many investors, donating non-cash assets such as appreciated public securities, real estate, businesses interests, and fine art not only can provide a great way to offset capital gains but also can help to deliver a bigger impact for charity. Some experts estimate that giving non-cash assets can result in having 20% more to give.

CONSIDER BUNCHING

“Bunching” can help those who give to charity on a regular basis but fall short of giving enough to surpass the standard deduction limit. By combining gifts from three to five years into a single year, you can bump your gift above the standard deduction limit for that year.



STEP THREE }

DETERMINE HOW TO GIVE

You have a broad array of options when it comes to how to give – again, working with your advisor is a great way to ensure the tactics align with your goals, and maximize the effectiveness of your giving.

- **Direct gifts**
- **Donor-Advised Funds (DAF)**
- **Charitable Remainder Trust (CRT)**
- **Qualified Charitable Distributions (QCD)**
- **Private Foundations**



STEP FOUR }

UNDERSTAND THE NUMBERS

The IRS has maximum limits on how much you can deduct per year based on your adjusted gross income (AGI). The limits depend on what you give:

Cash: Up to 60% of your annual AGI

Appreciated Stocks: Up to 30% of your AGI

For example, Laura has an AGI of \$100,000 for 2024. If she gives cash, she could deduct donations up to 60% of her AGI, so \$60,000. If she wants to give stock that has gained value, the most she could give and deduct is \$30,000.

A note that these deductions are from the top-line AGI, not your year-end tax bill.

If you give more than the annual limit, that charitable donation tax deduction isn't lost. Instead, you could claim the unused deduction on your future tax returns for up to 5 years. Typically, contributions that you carry forward are subject to the same limits as the year they are made. For example, cash contributions that fall under the 60% limit in the donation year are still subject to the 60% limit in the year they are carried over to.

Profitable Giving

This is where working with an advisor like Bauman Scott Financial Services comes in handy. When you decide to partner with a financial planner with expert knowledge in charitable giving, we can ensure that the right strategy is in place to maximize the profitability of your giving.



STEP FIVE } REVIEW DEADLINES & LIMITATIONS

At the most basic level, December 31st is the deadline you're trying to beat with charitable giving decisions. However, in many cases waiting until the 31st will be too late. That's why starting early is essential.

Give Yourself Time

Opening a DAF or establishing a CRT can take some time, certain complex assets (assets not traded on a public exchange) require weeks of research and valuation work before they can be donated, and other actions will take various amounts of time.

Know the numbers that matter

Work with your tax counsel to identify specific financial limitations to be accommodated or levels to be achieved to make the tax benefits work best.



STEP SIX } PUT THE PLAN INTO ACTION, & PLAN FOR FUTURE GIVING!

Now for the fun part! After all of the planning, you can now put the plan into motion and have a new sense of peace knowing that you've laid groundwork for future giving decisions.

If you're ready to put a giving plan into place – one that can impact people inside and outside of your family – consider consulting Bauman Scott Financial Services. We are well-versed in charitable giving strategies and can help you create a bespoke plan that works to serve you.

GEOGRAPHY OF GIVING

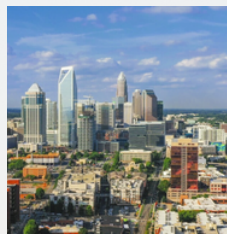
TOP 7 CITIES FOR GIVING BY REGION



New York City
(Mid-Atlantic)



Boston
(Northeast)



Charlotte
(Southeast)



Cincinnati
(Midwest)



San Diego
(Pacific)



Salt Lake City
(Rocky Mountain)



Dallas
(Southwest)

HOW PEOPLE GAVE (BY SECTOR)



28% of Donor Advised Funds gave to the Arts



49% of Donor Advised Funds gave to Education



25% of Donor Advised Funds gave to Animals



39% of Donor Advised Funds gave to Health



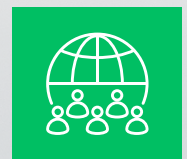
56% of Donor Advised Funds gave to Human Services



32% of Donor Advised Funds gave to International Affairs



48% of Donor Advised Funds gave to Religious Organizations



35% of Donor Advised Funds gave to Societal Causes