What is Strategic Giving?

WHEATON COLLEGE
For Christ & His Kingdom

Wheaton College Gift Planning Services

Strategic giving supports charity, while maximizing gifts to loved ones and minimizing taxes. Certain planned gifts also provide income to you or a loved one for many years or even a lifetime! *We would be happy to discuss any of the following strategies or giving vehicles that may interest you.*

Assets with Embedded Taxable Nature – Ideal for Charitable Giving:

1. Retirement Account Assets

Traditional retirement account assets including IRAs, 401Ks, and 403Bs are typically not taxed until distribution/withdrawal. If you leave these assets to your loved ones, those who inherit them will owe taxes when they receive them. If you have plans to give charitably, consider utilizing retirement account assets because unlike individuals, charities can receive them tax-free. *Charitable gift options using retirement account assets include:*

- Qualified Charitable Distributions from your IRA directly to charity during life.
- Outright gifts of a dollar amount or percentage through a beneficiary designation form.
- Funding a testamentary Charitable Remainder Unitrust. The trust assets continue to grow in a tax-free environment, beneficiaries can receive an income flow for many years, and the remainder provides a gift to charity!

2. Appreciated Assets (Real Estate or Securities)

Assets like *securities* or *real estate* that have increased in value will incur federal and possible state capital gains tax when sold, which can be substantial. Qualified charitable organizations can receive these assets without incurring tax. Thus, appreciated assets are ideal for charitable giving:

- Charitable giving of appreciated assets "wipes away" capital gains tax entirely!
- *Another option*: give appreciated assets to a Gift Annuity or Charitable Remainder Unitrust. Funding these gift vehicles does not trigger capital gains tax and will provide a charitable income tax deduction. *See more information on these giving options below and on the next page.*

Charitable Giving Vehicles and Tools with Tax Benefits:

1. Gift Annuity

Contributing cash or appreciated securities to a charitable gift annuity provides the following:

- A fixed stream of lifetime income for 1 or 2 people.
- A charitable income tax deduction for the charitable portion of the gift.
- Important support for Wheaton students and mission.

We are happy to provide additional information for these strategies and to discuss your options and goals.

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2. Charitable Remainder Unitrust ("CRUT")

Contributing cash or appreciated securities or real estate to a CRUT provides the following:

- A stream of lifetime income for yourself or others.
- A charitable income tax deduction for the charitable portion of the gift.
- Important support for Wheaton students and mission, and possibly other charities as well.

Note: a CRUT requires the help of an attorney to prepare the trust. Establishing a gift annuity is a simpler process, but a CRUT may have more options and flexibility.

3. Qualified Charitable Distribution ("QCD")

Starting at age 70.5, you can make a QCD gift to charity from your IRA. QCDs come directly from your IRA, and charities receive them tax-free. IRA owners can make QCD gifts of up to $108,000 per year. *Additional advantages include:*

- Distributions are excluded from taxable income, which lowers adjusted gross income – a benefit for both itemizers and non-itemizers!
- QCDs may fulfill all or part of your required minimum distribution (RMD).
- QCDs may reduce Medicare premiums and the taxable portion of taxable social security income.

Want to make a QCD but don't have an IRA? Retirement accounts such as 401Ks and 403Bs can be rolled over into an IRA from which a QCD can be made.

Since 2023, you can now use your QCDs from an IRA to fund a gift annuity!
Contact us for information about this opportunity. Here are some of the basics:

- Creates a lifetime income flow and a gift to charity.
- Lifetime maximum of $54,000. Must be funded in a single calendar year, but may be funded through one or more gift annuities, not to exceed the maximum.
- Each spouse can each give up to $54,000 from their own IRA.
- Only the IRA owner or owner's spouse may be an annuitant.
- Payments cannot be deferred.
- Gift annuity payments are taxable at the annuitant's income tax rate.

Note: The 2025 federal estate tax exemption is $13.99M, but the relevant tax law provision will sunset at the end of 2025. In 2026, it will return to the amount under prior law ($5M, adjusted for inflation). If you wish to decrease your taxable estate while retaining the benefit of a lifetime income flow, you may want to consider establishing a gift annuity or CRUT.

The information herein is not intended as legal, tax, or financial advice. Please consult with your attorney, financial or tax advisor for advice specific to your circumstances.