



Celebrate Variety: Many Assets Make Great Gifts to Charity

When your client is getting ready to make a contribution to a fund at the Chester County Community Foundation or other charity, remind them not to automatically reach for the checkbook! Here are other (and typically more tax-savvy) options to consider.

Marketable Securities

Gifts of long-term appreciated stock to a donor-advised or other type of fund at the Community Foundation is always one of the most tax-savvy ways to support favorite charitable causes because capital gains tax can be avoided. Gifts of publicly-traded stock, for example, are easy to transfer to a fund. The Chester County Community Foundation team can provide you and your clients with transfer instructions to make the process simple.

As is the case with a cash gift, the Community Foundation will provide a receipt for tax purposes, and the gift of stock will be valued at the shares' fair market value on the date of transfer. When the Community Foundation sells the shares, the proceeds flow into the client's fund without any reduction for capital gains taxes. This is because the Chester County Community Foundation is a 501(c)(3) charitable organization and therefore does not pay income tax. That would not have been the case, however, if the client had sold the stock first and then transferred the proceeds to a fund at the Community Foundation; the client would owe capital gains tax on the sale. Especially in cases where the client has held the stock a long time and it's gone up significantly in value, the capital gains hit can be big.

Closely-Held Business Interests

The Chester County Community Foundation team is happy to work with you and your client to explore how the client might give shares of a closely-held business to a fund at the Community Foundation. Not only will transfers be eligible for a charitable deduction during the year of transfer (and at fair market value if the shares are held for more than one year), but also these gifts could potentially reduce income tax burdens triggered upon a future sale of the business. Be sure to talk with our team well before any potential sale is in the works; otherwise, you could lose out on tax benefits. Gifts of closely-held business interests are powerful but can be [tricky](#) to administer.

QCDs from IRAs

As always, keep in mind that the Qualified Charitable Distribution ("QCD") is a very smart way to support charitable causes. If your client is over the age of 70 ½, the client can direct up to \$105,000 (in 2024) from an IRA to certain charities, including a field-of-interest, designated, unrestricted, or scholarship fund at the Chester County Community Foundation. If your client is subject to the rules for Required Minimum Distributions (RMDs), QCDs count toward those RMDs. That means your client avoids income tax on the funds distributed to charity. Our team can work with you and your client to go over the rules for QCDs and evaluate whether the QCD is a good fit.

Real Estate

Your client's fund at the Community Foundation can receive a tax-deductible gift of real estate, such as farmland or commercial property, in a variety of ways. An outright gift is always an option; lifetime gifts of real estate held by the client for more than one year are deductible for income tax purposes at 100% of the fair market value of the property on the date of the gift, which also avoids capital gains tax and reduces the value of your client's taxable estate. Other ways

to give real estate include a bargain sale or a transfer to a charitable remainder trust which produces lifetime income for the client and the client's family.

Life Insurance

Don't overlook life insurance as an effective charitable giving tool, whether by naming a client's fund at the Chester County Community Foundation as the beneficiary or, in the case of whole life policies, naming the fund as beneficiary *and* transferring the policy itself. If your client transfers a policy, the client may be able to make annual, tax-deductible contributions to the Community Foundation to cover the premiums.

Other "Alternative" Assets

The Chester County Community Foundation is happy to work with you and your clients to explore options for giving other non-cash assets to funds at the community foundation, including:

- Oil and gas interests
- Negotiable instruments
- Cryptocurrency
- Artwork
- Collectibles

We look forward to working with you to explore all the options!

For more information, contact the Chester County Community Foundation:

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The team at the Chester County Community Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.