If This, Then That: Your Charitable Planning Cheat Sheet

At the Chester County Community Foundation, we've recently been asked by attorneys, CPAs, and financial advisors for "cheat sheet" resources to make it easy to determine which type of charitable planning tool is best for a particular client. We love that idea! We're always happy to be a sounding board for any client situation where charitable giving is an option. Please reach out anytime you and a client are discussing philanthropy. To get your wheels turning, here are three scenarios that have popped up frequently over the last few weeks.

Streamline and tax-optimize charitable giving
If – Your client supports many different charities every year…
Then – A donor-advised fund at the Community Foundation can be an excellent tool to help a client organize their giving to favorite charities, such as local organizations, places of worship, and an out-of-state alma mater. Clients appreciate how easy it is to support multiple charities while the Community Foundation's systems keep track of everything. Plus, clients can give stock and other appreciated assets to their donor-advised funds, often avoiding capital gains tax and simplifying tax receipts to provide their accountants when tax time rolls around.

Support a specific charity while minimizing risk
If – Your client has supported a particular charity for many years, intends for that support to continue, and also wants to be sure that the funds are used effectively …
Then – Through a designated fund at the Community Foundation, a client can make tax-deductible gifts–during life and through estate gifts–that are set aside to be used exclusively for a particular organization. The Community Foundation makes distributions from the fund according to the client's wishes. An advantage of a designated fund is that the assets are out of creditors' reach if the charity were to run into financial trouble. Plus, a client who is 70 ½ or older can make Qualified Charitable Distributions up to $105,000 per year (increasing to $108,000 in 2025) from IRAs to a designated fund.

Leave a charitable bequest and reap significant tax benefits
If – Your client intends to provide for charities in an estate plan and owns an IRA or other qualified retirement plan …
Then – By naming a fund at the Community Foundation as the beneficiary of a qualified retirement plan, your client achieves extremely tax-efficient results. Not only is estate tax avoided on the retirement plan assets flowing to the charitable fund, but income tax is also avoided. Indeed, the income tax hit on retirement proceeds left to heirs can be steep.

The bottom line here is this:

If you encounter any situation with a client where charitable giving could be involved …

Then please reach out! Most of the time, the Chester County Community Foundation can offer a solution that meets both the client's tax and estate planning goals *and* the client's objectives for supporting their favorite charities. At the very least, we can point you in the right direction.

For more information, contact the Chester County Community Foundation:
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