View in browser

Professional Advisor Network

July 2023 Newsletter

Charitable Gift Annuities, "catch-up" contributions, and our reading selections

Hello from the community foundation!

This is the time of year when many clients are traveling and spending time with family, which means they may be using vacation time to have family conversations about their favorite charities and the year's plans for giving to those charities.

To help you prepare for your clients' questions when they return after summer holidays and travels, in this issue we're sharing insights on a few topics that may be top of mind:

–Charitable Gift Annuities are a great tool for donors to earn annual income plus plan a gift to charity – and we now offer them!

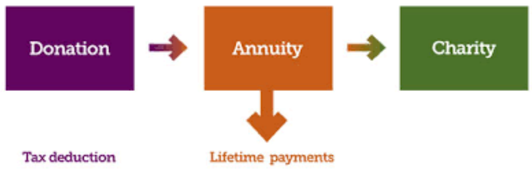
–IRAs are a fabulous source of charitable gifts, not only through beneficiary designations, but also via the popular QCD tool for clients 70 ½ and older. Make sure you're helping your philanthropic clients maximize their IRA's potential through catch-up contributions.

–Every year, the Giving USA report tells us about the state of charitable giving in America. 2022 numbers were down, although the total number is still inspiringly large. We're also keeping you up-to-date on the latest tax news surrounding NIL money, along with an article to help you brush up on why the philanthropy conversation is so valuable to your practice.

Reach out anytime! It's our pleasure to work with you as you help your clients achieve their charitable giving goals for this year and many years to come.

Happy summer!

Julie Buck, CAP®, Executive Director



New: Charitable Gift Annuities

CFGC has partnered with the National Gift Annuity Foundation to offer Charitable Gift Annuities to our donors.

Gift annuities have been around for almost 200 years. They are one of the most popular of all planned gifts as they are easy to understand and implement, plus they provide you the donor with a number of benefits—an immediate income tax deduction (if you itemize), a lifetime income for you and/or your spouse or other beneficiary, and payments that are partially tax-free.

A charitable gift annuity is an agreement between one or two donors and us (via the National Gift Annuity Foundation). You transfer assets as a gift to us and, in return, we promise to pay a fixed amount to one or two annuitants for life.

The minimum to start a Charitable Gift Annuity is $20,000 and the minimum age to receive CGA payments is age 55.

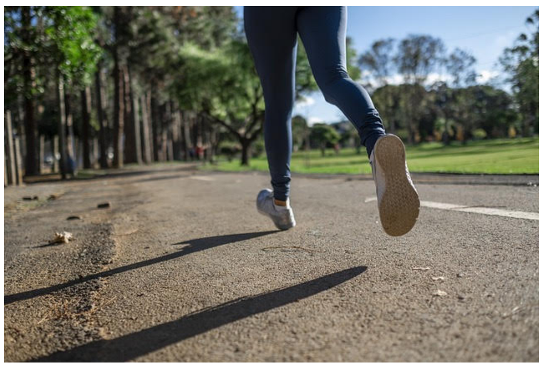
Please click here to be directed to our website to complete an illustration form. As always, be sure to contact us if you have any questions!

SAVE THE DATE

The RED SHIELD Symposium

The annual Estate and Charitable Planning Institute will be **Wednesday, September 27th**, here at the Community Foundation of Grundy County. Details to come!

How "catch-up" contributions can boost clients' giving



At the community foundation, we regularly work with legal, financial, and tax advisors like you to help clients reach their charitable goals.

As a professional who regularly works with charitable clients, you are no doubt well aware of the tremendous benefits to both clients and charities when a client names a charity, such as a fund at the community foundation, as the beneficiary of an IRA or other qualified retirement plan.

So how can you help a client plan ahead to maximize a bequest of retirement fund assets, as well as support increased giving during the client's lifetime?

A great way to do this is by encouraging clients to maximize their IRA contributions—for many reasons:

–Taxable income "suppression" in the year of the contribution.

–Tax-deferred growth until distribution—and now not required until age 73 of the account owner.

–Ease of changing a beneficiary designation to name the client's fund at the community foundation, which will remove the assets from the client's taxable estate at death and avoid income tax.

–With retirement plans flowing to charity, leaning into highly-appreciated stock and other property at stepped-up values to make bequests to family or others, effectively erasing the unrealized capital gains for the recipients.

Make sure your charitable clients don't overlook an important tool in retirement savings maximization (and ultimately charitable giving) known as the "catch-up" contribution. This is the "extra" money that retirement savers aged 50 or older can stash away into their retirement accounts—and into more than one account as applicable.

Advisors and clients might better think of this as a bonus opportunity rather than a "catch-up," especially if a client has been maximizing their retirement savings all along. Additionally, of course, the catch-up contribution allowance helps a client make up for years when retirement contributions fell short due to earnings or savings interruptions due to layoffs, caregiving, high-expense years or similar circumstances.

Thanks to the SECURE Act, catch-up contributions have created even more buzz about opportunities for retirement savings, especially as the rules are set to shift in 2024 and 2025. In any event, the effects can be impactful. For example, an extra $1,000 deposited annually from age 50 through 65 earning 6% on average could potentially deliver an extra $27,000 in retirement income at age 65.

From a charitable giving perspective, the greater the IRA balance, the more opportunity there is for a client to give later to a fund at the community foundation. What's more, higher IRA balances can motivate your clients to deploy a Qualified Charitable Distribution strategy, with its many benefits:

–Beginning at age 70 ½, your client can make Qualified Charitable Distributions (QCDs) up to $100,000 in 2023 ($200,000 for married couples) and indexed for inflation beginning in 2024.

–QCD assets can be distributed to an existing or new donor-designed fund at CFGC that is NOT a DAF.

–QCDs can count toward Required Minimum Distributions for clients who are required to take them.

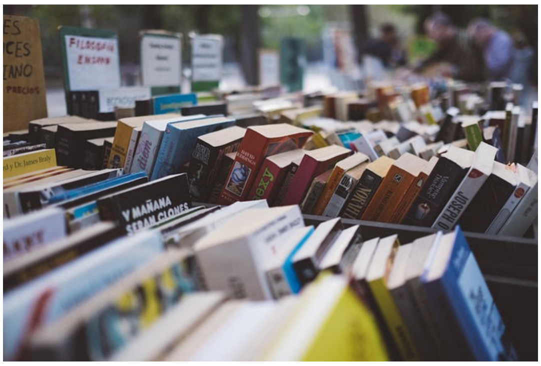
All in all, IRAs are the most prolific retirement savings vehicle in the United States, accounting for nearly 33% of the $33 trillion of total retirement assets as of December 2022. But regardless of the retirement savings vehicle, contribution maximization—and aided by so-called catch-up contributions—is a winning strategy for wealth building, family gifting, and charitable giving.

If your client wants to make a QCD to CFGC, here's our information for the IRA administrator:

Community Foundation of Grundy County

EIN #36-4299824

520 W. Illinois Avenue, Morris, IL 60450



Our reading selections

Giving is down, but the total amount--nearly $500 billion—is still impressive

Just reported in June by Giving USA was a rare decline, 3.4%, in charitable giving by Americans in 2022. Though giving totaled nearly $500 billion, officials cited high inflation and the stock market's pullback as reasons for the decline from $516 billion of total giving in 2021. Despite households' financial pressures, 64% of giving came from individual donors. Dig into this compelling (and free!) infographic for a comprehensive look at the state of philanthropy in America.

NIL collectives: DOA?

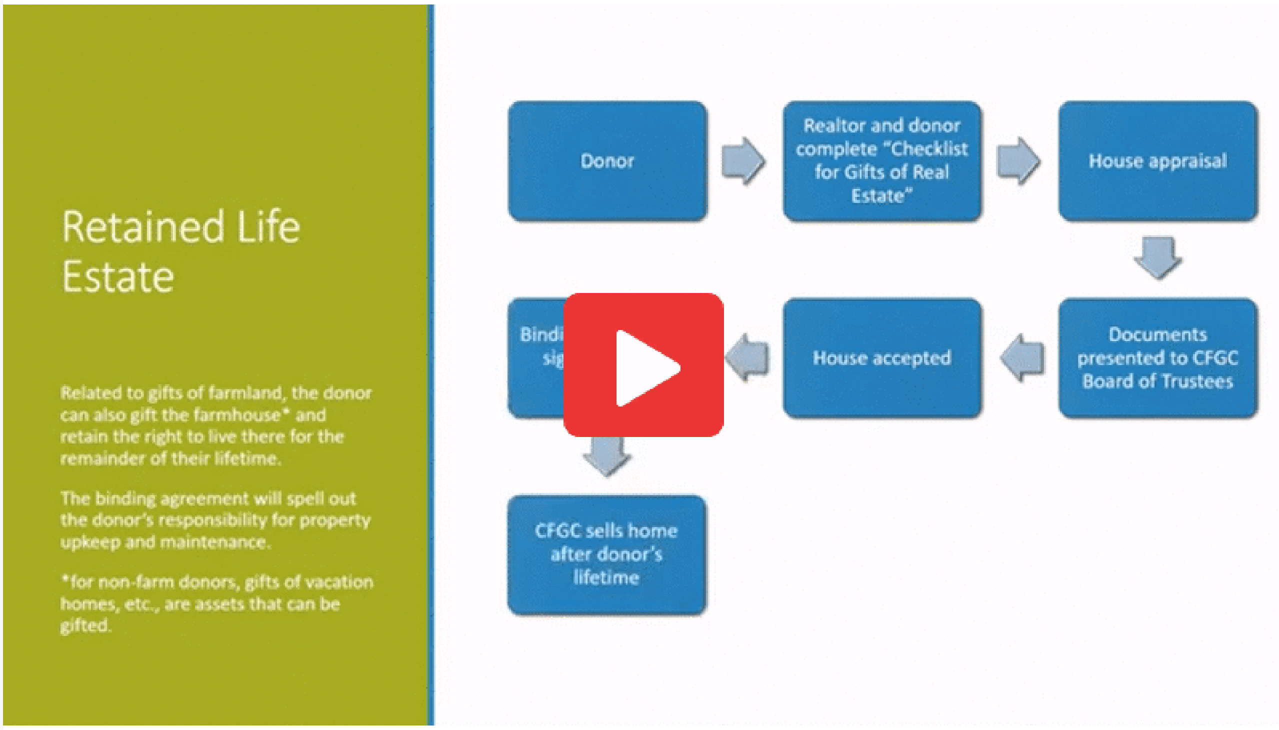
NIL collectives have been all the rage in some higher education circles, but that may be changing. Contributions to these entities may not be tax-deductible after all, according to the IRS in a May 23, 2023 memo. This development serves as an excellent reminder that private benefit and charitable tax exemptions do not mix well.

Even more reasons to talk about philanthropy with your clients

If philanthropy is not a regular topic of your client conversations, you may be missing out. Not only can it be an easy icebreaker, but also studies have documented strong organic client growth through such conversations. And as this article points out, the combination of client dissatisfaction, wealth transfer, and the affluence of future generations spells o-p-p-o-r-t-u-n-i-t-y for advisors.

7-minute video: Planned Giving Tools for Non-Cash Assets

How can your clients use non-cash assets to design funds at the Community Foundation of Grundy County to benefit their favorite charities?



Looking for back issues? You can find and print them at https://cfgrundycounty.com/adv...

The team at the 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.

COMMUNITY FOUNDATION of Grundy County

SHARE TO FACEBOOK SHARE TO TWITTER FORWARD EMAIL

Community Foundation of Grundy County
520 W. Illinois Avenue, Morris
IL 60450 United States

815-941-0852
julie@cfgrundycounty.com

Give Local.Shop Local.

#GIVEGRUNDY

www.givegrundy.com