

7 WAYS TO MAXIMIZE CHARITABLE GIVING IN 2023

versant
CAPITAL MANAGEMENT



▶ 1. MAKE QUALIFIED CHARITABLE DISTRIBUTIONS FROM YOUR IRA

Individuals at least 70½ years old can donate up to \$100,000 from their IRA annually as a Qualified Charitable Distribution (QCD). The distribution is made from pre-tax dollars and can be used to satisfy your annual Required Minimum Distribution, if applicable.

▶ 2. TAKE ADVANTAGE OF A NEW, 1-TIME CHARITABLE GIFT ANNUITY

A new law change also permits a one-time distribution (not annual) of up to \$50,000 of the qualified charitable distribution to be paid directly from your IRA to certain split-interest entities, such as a charitable remainder trust or charitable annuity, that qualify under the new rule. Note, however, that the \$50,000 amount counts toward the \$100,000 QCD limit noted above in #1.

▶ 3. DONATE APPRECIATED SECURITIES

Consider donating appreciated securities rather than selling the position and donating the cash proceeds. This strategy may be advantageous for individuals with concentrated positions with large unrealized capital gains. Donating the securities directly to charity eliminates the capital gains tax you would have to pay as a result of selling the security.

▶ 4. DONATE CASH FROM THE SALE OF DEPRECIATED SECURITIES

Taxpayers benefit from recognizing losses rather than gifting depreciated securities. Consider harvesting tax losses from your portfolio and donating the cash proceeds. In this way, you can recognize a tax loss that can offset any capital gains for the year or be used to offset up to \$3,000 of your ordinary income, and you will receive a charitable deduction for your cash donation.

▶ 5. INCREASE YOUR CHARITABLE GIVING WHEN YOU EXPECT HIGHER ANNUAL INCOME

Charitable donations are deductible and may reduce your taxable income. You may consider increasing your charitable giving in years where your income is expected to be higher due to a liquidity event, stock options, capital gains, or Roth conversions.

▶ 6. BUNCH YOUR CONTRIBUTIONS

Many taxpayers now take the standard deduction rather than itemizing their deductions. Charitable contributions are only tax-deductible to those who itemize. The standard deduction is \$13,850 for single filers and \$27,700 for joint filers in 2023. You may want to consider bunching your charitable contributions to help itemized deductions exceed the standard deduction amount. Rather than donating \$15,000 to a charity each year, for example, you may consider making a \$30,000 donation this year and skipping your donation next year.

▶ 7. CONSIDER A DONOR-ADVISED FUND

If you like the idea of bunching your contributions or making a large charitable donation in the current year but aren't sure where you want the proceeds to go, you may consider a Donor-Advised Fund (DAF). Your contribution to the DAF will be deductible in the year of the gift, but grants from the DAF to charities can be made later.

Charitable giving strategies may vary depending on your specific goals and circumstances. We recommend consulting with your tax professional and Versant wealth advisor to help identify the charitable strategies best suited for you.

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