

Strategies for Giving to a Favorite Charity

By Guest Author Patricia C. Marcin, Esq. ©2023



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Since you are receiving this newsletter, you already know about many of the amazing things the Land Alliance has done to protect our beloved Long Island. The mission of the Land Alliance is: “To conserve and safeguard Long Island’s natural and historic lands, waters and environmental resources. Through education, outreach, and volunteerism, we connect people to nature and inspire a community conservation ethic.” Recently, the Land Alliance installed a new, eco-conscious Hydro-Action clean water septic system at its newly remodeled headquarters at the Humes Preserve in Mill Neck, NY. The septic system will remove harmful chemicals like nitrogen from wastewater, ultimately protecting our bays, harbors and sole source aquifer.

We are so lucky to have the Land Alliance in our own “backyard”! One way we can help to support it is through charitable giving. Some ideas of how to best do that are discussed below.

Cash donations to the Land Alliance are tax deductible for income tax purposes up to 60% of your adjusted gross income (AGI). This limit applies to all donations you make throughout the year to public charities. To the extent your contributions exceed this limit, the excess can be carried over for use in future years. Under the current tax law, to obtain a deduction for the charitable gifts you have made, you must itemize your deductions on your income tax return rather than relying on the standard deduction

(which for 2023 is \$27,000 for married couples filing jointly and \$13,850 for single taxpayers).

You can boost the value of your donation, as well as your income tax deduction, by giving appreciated securities, such as stocks and bonds, directly to the Land Alliance. When you donate an appreciated security that you have owned for one year or more to the Land Alliance, you are eligible for a charitable income tax deduction equal to the fair market value of the security you donate up to 30% of your AGI. By donating the appreciated security to the Land Alliance, rather than selling it and then donating the proceeds, the capital gains tax on the increase in value of the security will be avoided, since the Land Alliance is exempt

from income taxes. It may be worth looking at your portfolio to see if there are any appreciated securities you would like to donate to the Land Alliance.

If you are receiving required minimum distributions (RMDs) from an IRA, you can also consider a qualified charitable distribution (QCD) from your IRA directly to the Land Alliance. The direct donation is not considered taxable income to you, as RMDs usually are. The result is that this reduces your taxable income by the amount transferred to the Land Alliance, even if you don't itemize your deductions. The QCD also counts towards satisfying your RMD for the year if it has not already been met. The limit on QCD is \$100,000 per year for 2023, but that amount is to be indexed for inflation beginning in 2024. For years beginning in 2023 you are not required to take RMDs until you reach age 73.

Another giving strategy to consider is "bunching up" your charitable gifts into a single year so that your itemized deductions exceed the standard deduction threshold. You can also gift funds that you have previously donated to a donor advised fund to the Land Alliance. Of course, you can make gifts to the Land Alliance in your will, which will qualify for the estate tax charitable deduction.

A more sophisticated charitable giving strategy is to use a charitable remainder trust (CRT), either during

your lifetime (eligible for both income tax and gift tax deductions) or at your death (eligible for an estate tax deduction). You can also avoid paying capital gains taxes on appreciated property, which would be contributed to and then sold in the CRT.

With a CRT, you or people you choose, receive a stream of payments for either your lifetime, the lifetime of the beneficiaries or for 20 years. Once the term of the lead non-charitable beneficiary ends, the assets remaining in the CRT would go to the Land Alliance. There are very stringent rules under the Internal

Revenue Code to create a valid CRT and qualify for the charitable deductions. If you are considering the creation of a CRT in your charitable giving plan, it is a must to discuss it with your estate planning lawyer and accountant to make sure you satisfy the requirements of creating a valid CRT.

If you would like to discuss charitable giving strategies, please contact your financial advisor. You can also contact Debra Wiener, Director of Development, at (516) 922-1028 or deb@northshorelandalliance.org.

