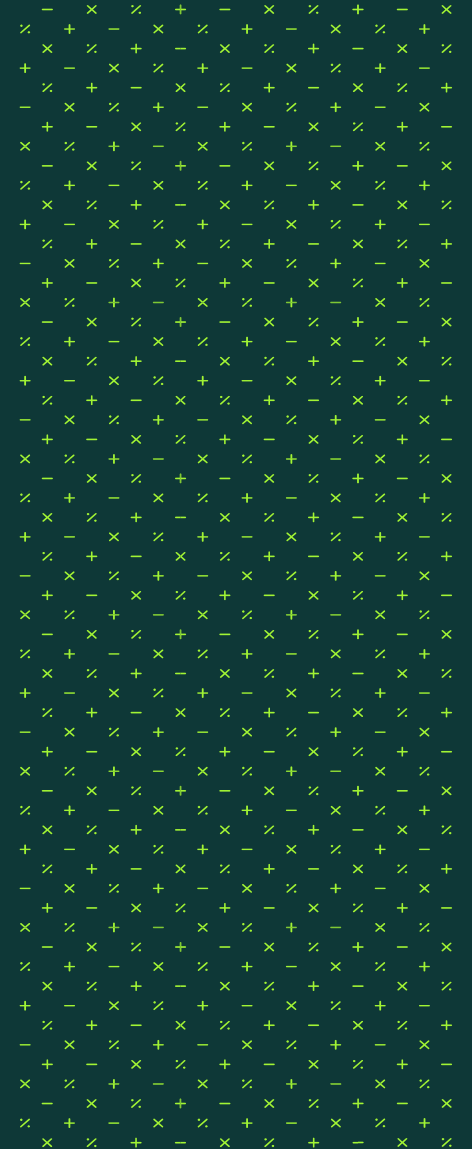




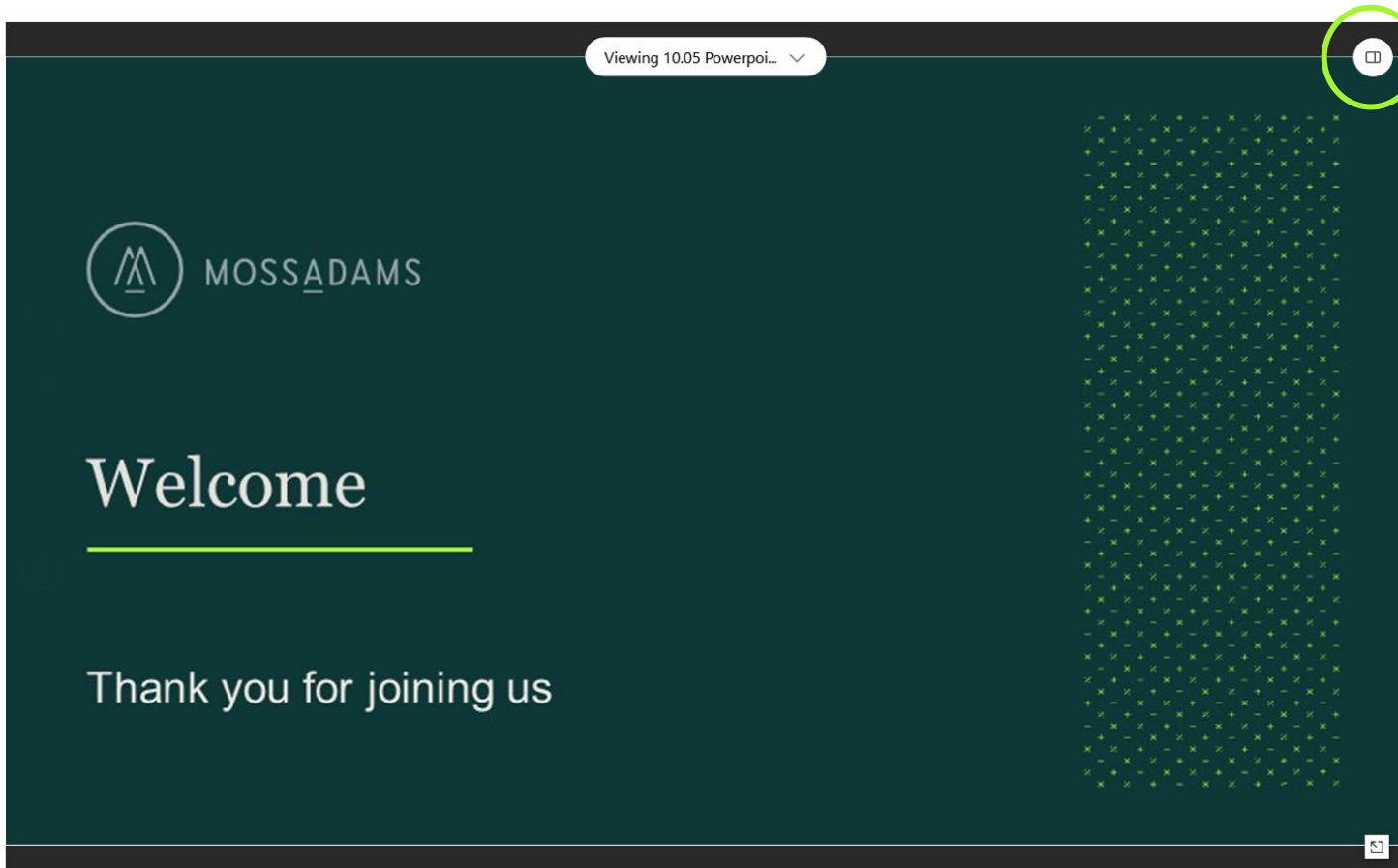
MOSSADAMS

Welcome

Thank you for joining us



Viewing Options



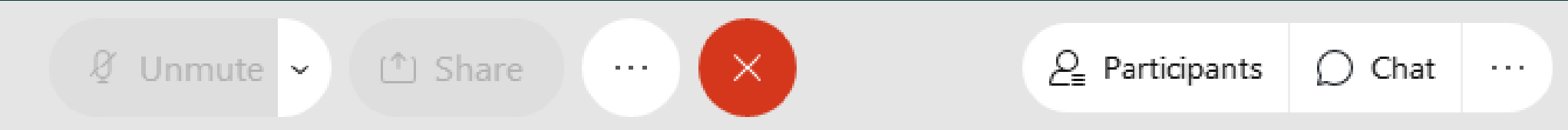
For optimal viewing select “Side by Side” view from the top right-hand corner.

FOR BETTER VIEWING

- Close all other applications
- Turn up your speaker volume



WebEx Controls



Mute
(not active)

Share
(not active)

Leave

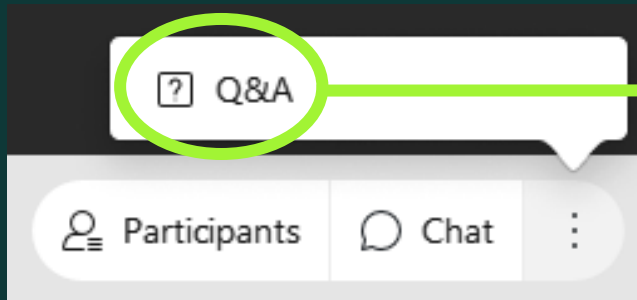
Participants

Message

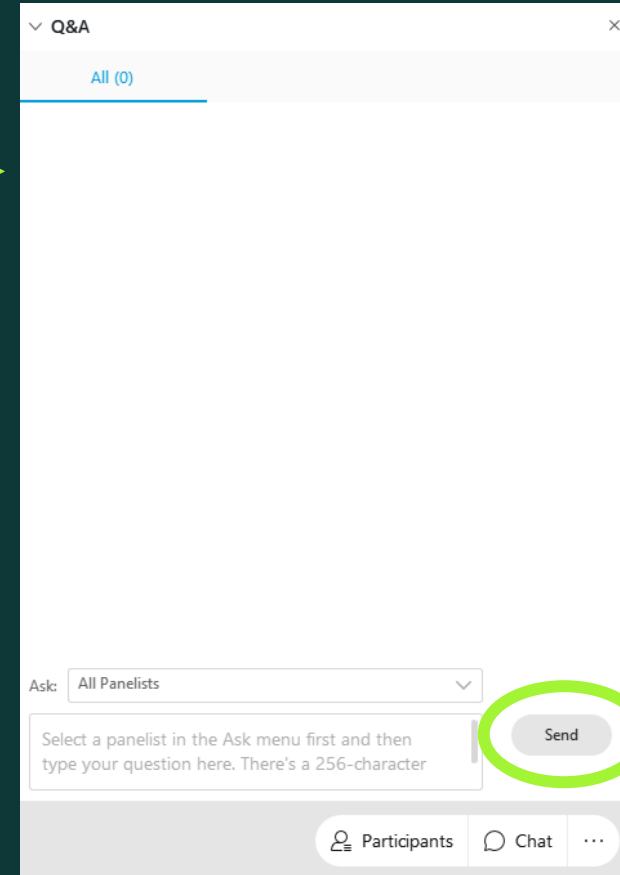
More
options



Questions?



- Under the “more options” button, select “Q&A”
- A new box will open on the right-hand side to type your question to the speakers or host



Technical Difficulties?



REFRESH YOUR BROWSER BY CLICKING F5.

If you are still experiencing issues, please feel free to use the question box and direct your question to the “host”

OR

email meetings@mossadams.com



The material appearing in this presentation is for informational purposes only and should not be construed as advice of any kind, including, without limitation, legal, accounting, or investment advice. This information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although this information may have been prepared by professionals, it should not be used as a substitute for professional services. If legal, accounting, investment, or other professional advice is required, the services of a professional should be sought.

Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory offered through Moss Adams Wealth Advisors LLC.

©2021 Moss Adams LLP





MOSSADAMS

Charitable Giving



Moderator



Jode Beauvais

*National Practice Leader
Individuals and Families*

jode.beauvais@mossadams.com

(253) 284-5229



Presenters



Terry Dickens
Senior Manager, Tax

terry.dickens@mossadams.com
(415) 677-8265



Lauren Haverlock
Senior Manager, Tax

lauren.haverlock@mossadams.com
(949) 636-4418



Patty Mayer
Director, Tax

patty.mayer@mossadams.com
(858) 627-1429



Private Clients



PERSONAL TAX

- Tax planning
- Tax preparation
- Estate planning
- Residency transition
- Charitable gift planning



WEALTH MANAGEMENT

- Personal financial planning
- Investment management and consulting
- Insurance management and consulting



FAMILY OFFICE

- Bill paying / bookkeeping
- Household employee payroll
- Cash flow and budgeting
- Liquidity management
- Reporting and communication
- Coordination of key advisors
- Heir preparation counseling
- Family vision and governance





Agenda

01

CHARITABLE GIVING THRESHOLDS

Impact of charitable structure on tax deductions

02

CHARITABLE STRUCTURES TO CONSIDER

Private foundations and donor advised funds

03

ESTATE PLANNING AND CHARITABLE TRUSTS

04

Q&A



POLLING QUESTION

What type of charitable planning are you most interested in?

- A. Charitable trust
- B. Appreciated assets
- C. Private foundation
- D. Donor advised funds
- E. All of the above



Charitable Giving Thresholds



Charitable Limitations

A charitable deduction is impacted by the entity structure and the type of property given.

COMMON STRUCTURE OPTIONS

- Public charity
- Supporting organizations
- Private operating foundation
- Donor advised fund
- Private foundations

COMMON PROPERTY OPTIONS

- Cash
- Short-term assets
- Qualified appreciated stock
- Long-term capital assets
- Tangible personal property
- Ordinary income property
- Qualified conservation contribution



Public Charity

- Broad public support
 - Definitional
 - Via charitable contributions or fees for services
 - Because it supports another charity
- Representative board of directors
- Serves a broad population



Public Charity (cont.)

- To qualify as a charitable contribution, you must:
 - Have variance power over contribution
 - Give up entirety of asset (not a fractional interest, with exception)
 - Acknowledge “no goods or services received in exchange”
- Donor advised funds and community foundations
- Supporting organizations
 - Functionally and non-functionally integrated
 - Similar restrictions to private foundations



Private Foundations

- Doesn't receive a broad amount of public support
- Often more “closely held”
 - Related governing board
 - Families
- Various types:
 - Nonoperating (grantmaking)
 - Options for passthrough donations for charitable incentives
 - Operating (direct charitable activities)



Private Foundations (cont.)

- Restricted activities
 - Self dealing
 - Excess business holdings
 - Jeopardizing investments
 - Taxable expenditures
 - Minimum distribution requirements
- Investment excise tax
 - Annual tax on all investment income
 - 1.39% of rents, royalties, interest, dividends, realized gains
 - Realized losses only offset gains, and do not carryover
 - Carryover basis on sale of donated assets



Assets to Donate

- Cash
- Qualified appreciated stock
- Capital assets—short- and long-term
- Tangible personal property
- Ordinary income property
- Qualified conservation contribution



Assets to Donate (cont.)

| | Qualifying Public Charities | | Private Operating Foundations, Passthrough Private Nonoperating Foundations, Donor Advised Funds, Integrating Supporting Orgs | | Private Foundations | |
|---------------------------------------------|---------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------|----------------|
| | Deductible Amount | AGI Limitation | Deductible Amount | AGI Limitation | Deductible Amount | AGI Limitation |
| CASH | Amount Given | 60%* up to 100% in 2020 and 2021 | Amount Given | 60% | Amount Given | 30% |
| SHORT-TERM CAPITAL ASSETS | | | | | | |
| • Appreciated | Basis | 50% | Basis | 50% | Basis | 30% |
| • Depreciated | FMV | 50% | FMV | 50% | FMV | 30% |
| QUALIFIED APPRECIATED STOCK | FMV | 30% | FMV | 30% | FMV | 30% |
| LONG-TERM CAPITAL ASSETS | | | | | | |
| • Appreciated | FMV | 30% | FMV | 30% | Basis | 20% |
| • Depreciated | FMV | 30% | FMV | 30% | FMV | 20% |
| • Election to claim basis value | Basic | 50% | Basis | 50% | X | X |
| TANGIBLE PERSONAL PROPERTY | | | | | | |
| • Unrelated Use | Basis or FMV, whichever is less | 50% | Basis or FMV, whichever is less | 50% | Basis or FMV, whichever is less | 30% |
| • Related Use | FMV | 30% | FMV | 30% | FMV | 20% |
| ORDINARY INCOME PROPERTY | Basis or FMV, whichever is less | 50 | Basis or FMV, whichever is less | 50 | Basis or FMV, whichever is less | 20 |
| QUALIFIED CONSERVATION CONTRIBUTIONS | FMV | 30 | X | X | X | X |



Planning Considerations for 2021

A charitable deduction is impacted by the entity structure and the type of property given

COMMON STRUCTURE OPTIONS



Charitable Considerations for 2021

The Consolidated Appropriations Act (CAA) signed into law December 28, 2020, expands the charitable contribution deduction incentives from the Coronavirus Aid, Relief, and Economic Security (CARES) Act through 2021 for **cash contributions made to a public charity**.

- Includes a private operating foundation or a flow through private foundation
- Does not include a donor advised fund

100% AGI LIMITATION FOR INDIVIDUALS

- Temporary increase from 60% of AGI limitation
- Affirmative election required on a gift-by-gift basis
- Traditional IRA and Roth IRA conversion considerations
- Ordering considerations



Charitable Structures to Consider: PF vs. DAF



Private Foundations and Donor Advised Funds

- **Private foundations (PF)** are a separate legal entity
 - Corporation formation
 - Trust formation
- **Donor advised funds (DAF)** is a fund or account sponsored by an existing public charity such as:
 - A community foundation, like The San Diego Foundation
 - A larger public charity holding DAFs, like Schwab Charitable or Fidelity Charitable



Comparison PF vs. DAF

| PF | DAF |
|----------------------------------------------------------------|---------------------------------------------------|
| Governed by its articles, bylaws, or trust agreement | Held by public charity, donor has advisory rights |
| Controlled by board of directors, generally the founder | Controlled by sponsoring charity (SC) |
| Generally, makes grants to public charities | Generally, makes grants to public charities |
| Investments controlled by board | Investment control depends on policies of SC |
| Applies for exempt status recognition with IRS | Uses exempt status of SC |
| Files annual information returns (990-PF) | No filing requirement, reporting done by SC |
| Form 990-PF available for public inspection | Advisors to DAFs not subject to public inspection |
| PF could be subject to GAAP audit—state rules apply | DAF not subject to GAAP audit |
| IRS approval needed for grants to individuals for scholarships | Some SC permit scholarship funds |



Comparison PF vs. DAF (cont.)

| PF | DAF |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Net investment income taxed at 1.39% | No net investment income tax |
| Reasonable compensation allowed—necessary for PF operations | Compensation to donor and family prohibited |
| Annual 5% distribution requirement nonexempt use assets | No distribution requirement unless policy of SC |
| Cash contributions to PF limited 30% AGI | Cash contributions limited to 60% AGI |
| Noncash contributions to PF limited to 20% AGI Public stock contribution deduction = market value | Noncash contributions limited to 30% AGI |
| Other noncash gifts limited to tax basis | Contribution deduction at market value |
| Excess business holding rules | Excess business holding rules |



PF or DAF?

QUESTIONS TO CONSIDER

- Do you want to control the charitable vehicle?
- How involved do you want to be?
- Costs of set up and annual filings versus costs of DAF fees by sponsoring organization?
- Do you want to be anonymous with your donations?
- Who would be successors to run PF or DAF account advisors?
- Are you looking for higher tax deductions on noncash nonpublic stock?



Possible Tax Law Changes: PFs and DAFs

CURRENT BILL ACCELERATING CHARITABLE EFFORTS ACT

- Administrative expenses paid to disqualified persons of a PF wouldn't count as a qualifying distribution
 - Excludes payment to foundation managers who aren't related to other disqualified persons
- Distribution requirements wouldn't include a PF grant to a DAF, unless DAF makes a qualifying distribution in the same year
- 1.39% excise tax on net investment income waived if these exceptions apply:
 - The PF makes qualifying distributions of 7% instead of the required 5% of its noncharitable-use assets during the tax year
 - The PF is a limited duration PF that from its formation:
 - Has a duration of no more than 25 years
 - Makes no distributions to other PFs that share a disqualified person, except for other limited duration PFs



Possible Tax Law Changes: PFs and DAFs (cont.)

CURRENT BILL ACCELERATING CHARITABLE EFFORTS ACT

- Proposed time frames for DAF distributions to charities
- Proposes restrictions on when donor can deduct donations to DAFs
 - 15-year DAFs: charitable deduction allowed in year made if DAF funds distributed in 15 years or advisor privileges are released
 - 50-year DAFs: charitable deduction allowed when all funds are distributed within 50 years of donation
 - No deduction allowed for noncash donations unless sponsoring charity sells for cash
- Community foundation DAFs funds over 1M
 - Required DAF annual 5% payout or donations distributed within 15-years
- Public support test for grantees, donation considered from DAF donor versus SC



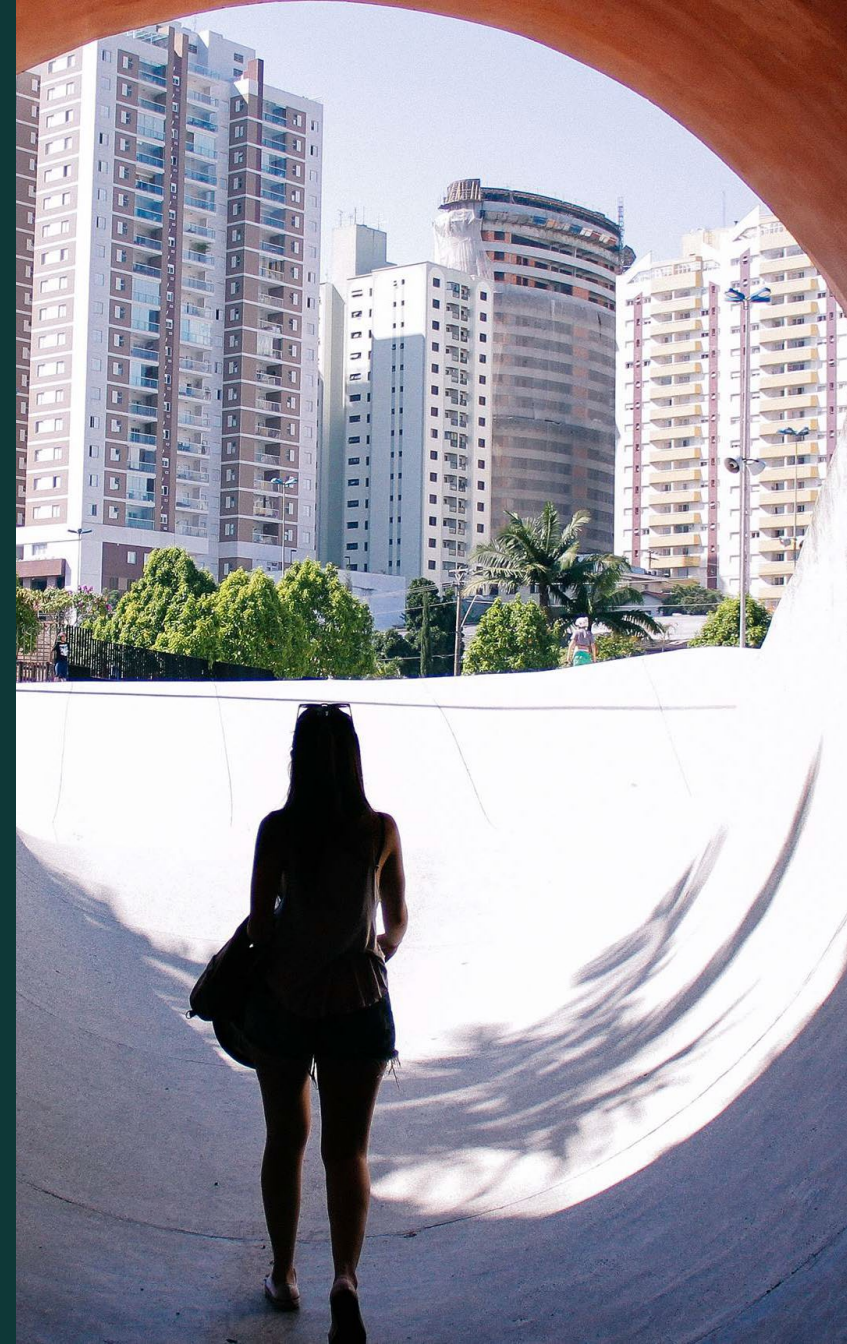
Estate Planning Considerations



Estate Planning

How does your charitable giving factor into your overall estate plan?

- How much do you plan to give to charity during your lifetime?
- How much do you plan to leave to charity after death?
 - Estate tax impact when the beneficiary of your estate is a charitable organization
- Can you sustain your level of charitable giving based on your lifetime spending needs?



Charitable Remainder Trust

- Irrevocable trust
- Transfer appreciated property to trust and spread capital gains over term of trust
- Remainder interest to charitable beneficiary at end of trust term
- Charitable deduction in year of trust funding
- Annual distribution requirement to income beneficiary
- Creates income stream for income beneficiary
 - Income beneficiary can be you or someone else



Charitable Lead Trust

- Irrevocable trust
- Transfer property to the trust and receive charitable deduction
- Annual distribution requirement for the specified charities over fixed term
- End of trust term, beneficiaries receive remainder



➤ QUESTIONS

Let's start a conversation.

jode.beauvais@mossadams.com

terry.dickens@mossadams.com

lauren.haverlock@mossadams.com

patty.mayer@mossadams.com



The material appearing in this presentation is for informational purposes only and should not be construed as advice of any kind, including, without limitation, legal, accounting, or investment advice. This information is not intended to create, and receipt does not constitute, a legal relationship, including, but not limited to, an accountant-client relationship. Although this information may have been prepared by professionals, it should not be used as a substitute for professional services. If legal, accounting, investment, or other professional advice is required, the services of a professional should be sought.

Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory offered through Moss Adams Wealth Advisors LLC.

©2021 Moss Adams LLP

