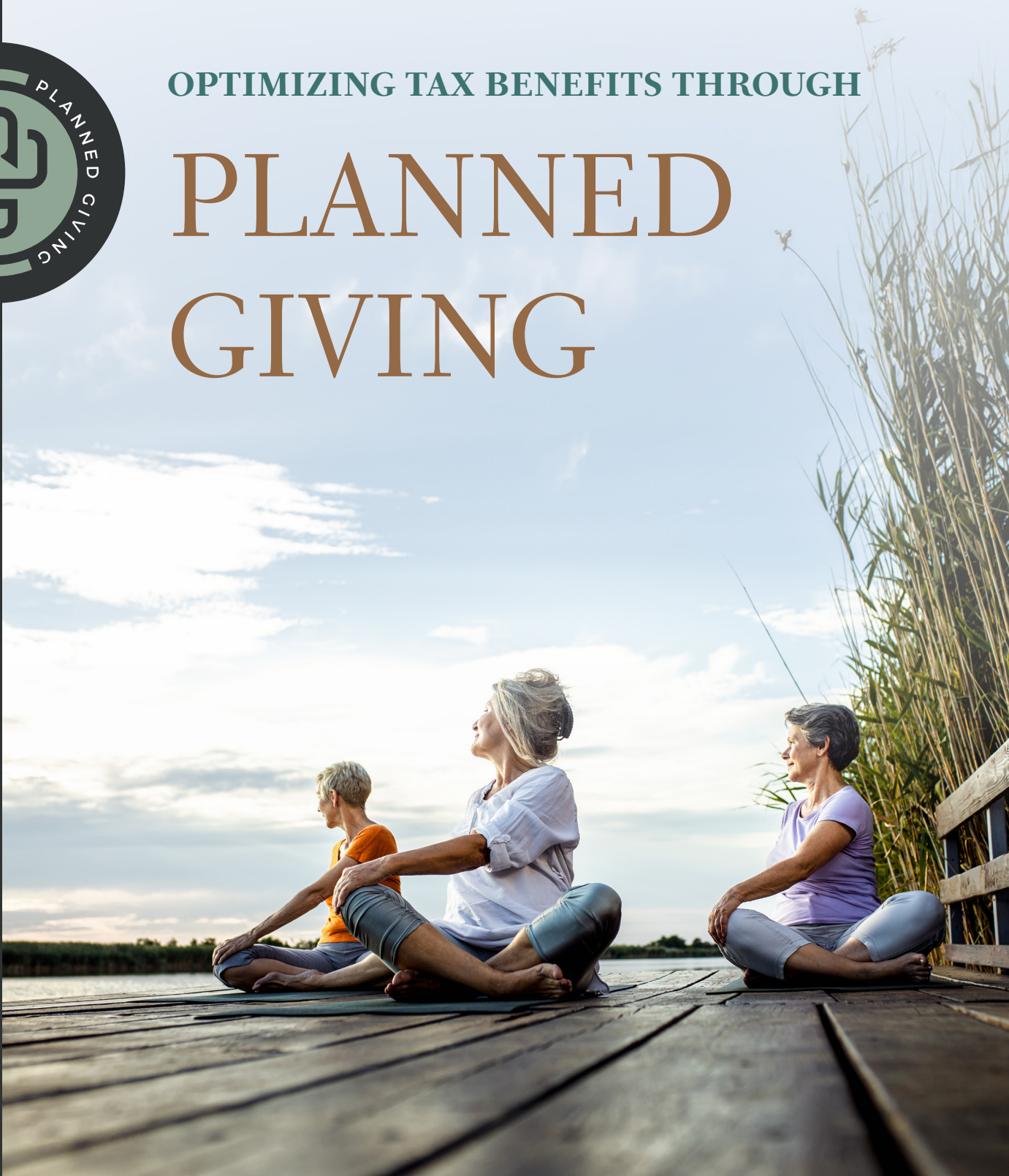





OPTIMIZING TAX BENEFITS THROUGH

PLANNED GIVING







Most people think of charitable giving as giving something away. Many aren't aware that there are creative ways to support charitable organizations that benefit both the charitable recipient and the donor. Through split-interest gifts, donors may be able to benefit from the tax deduction while also maintaining the use and enjoyment of the asset for a term of years or even a lifetime.

This type of giving opens up opportunities for those with specific types of assets, including:

LANDOWNERS

Landowners can contribute a remainder interest in a property that otherwise would have been left to the charity in a will or revocable trust and get an income tax deduction today, which can be used to offset current income, versus a deduction at death.

Techniques that may apply:

- **Qualified conservation contributions:** A charitable donation to a qualified organization of a real property interest designated for conservation purposes.
- **Life estate agreement:** A type of legal joint property ownership in which the owner has the right to use the property for life, after which it passes to the remainderman or joint owner.

THOSE WHO OWN HIGHLY APPRECIATED ASSETS

Sales of assets such as closely held businesses, farms, real estate or marketable securities with significant capital appreciation can result in significant tax consequences. There are planned giving techniques that allow for diversification without immediate taxation and can potentially reduce the overall tax impact.

Techniques that may apply:

- **Charitable remainder trust:** A split-interest trust that allows you to contribute an asset and receive installment payments, an immediate tax deduction and the ability to invest the gross amount, rather than the net amount after taxes. The charity receives its minimum interest only at the conclusion of the trust.
- **Grantor charitable lead trust:** A donor contributes an asset or assets to a split-interest trust that provides income off the assets to one or more charities over a term of years. The remaining assets eventually return to the donor or the donor's beneficiaries.
- **Appreciated stock:** Stock that would have resulted in long-term capital gains if sold is instead contributed to a charity and receives a tax deduction while also avoiding the capital gains tax.





INVESTORS SEEKING INCOME

For people looking to increase their income or diversify their portfolio, generating additional cash flow can possibly result in substantial taxes on their gains. There are opportunities to use charitable planning to convert paper gains into cash flow and save on taxes while doing it.

Techniques that may apply:

- **Charitable gift annuities:** A contract that provides a donor with a specified income stream for life based on a dollar amount contributed to a charity.
- **Charitable remainder trust:** A split interest trust that allows you to donate assets to charity in exchange for installment payments for life or a specific period.
- **Below-market interest loan:** A way for a donor to improve the cash flow of a charity by paying off the organization's higher-interest-rate notes and exchanging them for a lower-interest loan from the donor.
- **Bargain sale transaction:** The sale of property to a charitable organization for less than its fair market value. The difference between the fair market value and the amount of the sale is considered a charitable contribution, allowing the seller to capture the full amount of the property's value while limiting the amount of taxable gain realized.
- **Pooled income fund:** A type of trust that] allows donors to make tax-deductible gifts to charity and provide income to one or more individuals for life.

FAMILIES WANTING TO OPTIMIZE PHILANTHROPY THROUGH ESTATE PLANNING

Estate planning is a critical aspect of financial planning, especially for high net worth individuals. With estate taxes and taxes on inherited IRAs and other income-in-respect-of-a-decedent (IRD) assets, some families could see a total tax liability of 40% or more. Charitable giving can be a powerful tool to help reduce these taxes and potentially maximize the impact of philanthropy.

Techniques that may apply:

- Use of life insurance to leverage the size of the charitable gift
- Leaving retirement plan assets to charity at death
- Split interest gifts, including:
 - Charitable remainder trusts
 - Charitable lead trusts
- Making direct gifts of appreciated capital assets
- Creating a family foundation for increased flexibility with respect to the use of gifts

DONORS WITH PURE CHARITABLE INTENT


Philanthropic-minded individuals may have no intent of benefiting personally from any of the assets or funds being contributed but may want to have more influence in the way gifts are being used. This can be achieved through certain planned giving techniques.

Techniques that may apply:

- **Private foundation:** Set up by individuals or corporations, these foundations have their own boards and may allow individuals to participate in the direct oversight of how gifts are made and to whom.
- **Supporting organizations:** Support existing public or private foundations with annual gifts.
- **Donor-advised funds:** Allows the donor to receive an immediate tax deduction while making charitable grants to one or a variety of organizations over time.
- **Qualified charitable distributions:** Enables distributions from IRAs for up to \$111,000* annually (indexed for inflation) to be given to one or more charities, while also satisfying required minimum distribution requirements.

*Ed Zollars. *Current Federal Tax Developments*. Nov. 13, 2025. "Annual Adjustments to Retirement Plan Limitations: Analysis of Notice 2025-67 for 2026." <https://www.currentfederaltaxdevelopments.com/blog/2025/11/13/annual-adjustments-to-retirement-plan-limitations-analysis-of-notice-2025-67-for-2026>. Accessed Nov. 19, 2025.





A PLANNED GIVING TAX GUIDE

UNDERSTANDING CHARITABLE TAX DEDUCTIONS FOR OPTIMUM IMPACT

Understanding the tax benefits of charitable giving is an important aspect of helping optimize the impact of your philanthropy. The amount you can deduct depends on various factors, including the type of charity you donate to and the form in which you make your gift.

The total amount of a charitable gift is deductible up to a percentage of your adjusted gross income. What percentage of your adjusted gross income is deductible depends on whether your gift is going to a public or a private charity.

PUBLIC CHARITIES

Public charities are those supported with public funds and can include churches; certain schools; hospitals or organizations providing medical care, research or education; and governments or political subdivisions. Cash gifts made to a public charity are deductible for the gift amount, up to 60% of adjusted gross income annually. Gifts of highly appreciated assets are subject to a 30% limitation.¹

PRIVATE CHARITIES

Private charities consist of private foundations that generally do not operate with public funds. Cash gifts to private charities are deductible for the gift amount up to 30%² of adjusted gross income annually. The limitation is 20% for gifts of highly appreciated assets.³

Whether made to a public or a private charity, gift amounts that exceed the maximum deductible adjusted gross income in the current year can be used the following year and carried forward for up to five years,⁴ allowing for continued tax benefits in the future.

It should be noted that the actual tax savings achieved are dependent upon whether these charitable deductions exceed the standard deduction already available to all tax filers. If total deductions for the year, including charitable deductions, are below the standard deduction amount, then you can only claim the standard deduction. If total deductions for the year exceed the standard deduction, then you can itemize to receive the total of those deductions.

Beginning in 2026, a new universal charitable deduction allows non-itemizers to deduct cash donations to charity — up to \$1,000 for single filers or \$2,000 for married couples filing jointly. Gifts made to donor-advised funds (DAFs), supporting organizations, or private foundations are ineligible for this deduction.



| | CASH | | APPRECIATED STOCK | |
|---|-----------------------------|------------------------------|-------------------|-----------------|
| | Public Charity ¹ | Private Charity ² | Public Charity | Private Charity |
| | AMOUNT DEDUCTIBLE | | AMOUNT DEDUCTIBLE | |
| \$60,000 Gift | \$60,000 | \$30,000 | \$30,000 | \$20,000 |
| Contribution carried forward to next year | \$0 | \$30,000 | \$30,000 | \$20,000 |

vs.

Assuming an AGI of \$100,000⁵

Qualified conservation contributions are deductible up to 50% of AGI for donations made to both public and private charities.⁶

This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario, and should not be construed as advice designed to meet the particular needs of an individual's situation.



VALUING CHARITABLE GIFTS FOR TAX PURPOSES

When making a charitable gift, it's important to understand how the gift is valued for tax purposes. The value of the gift affects the amount of the donor's income tax deduction, which, in turn, impacts the overall tax benefits of the gift. The type of asset being gifted also plays a role in determining the percentage of the donor's deductible adjusted gross income.⁷

| | DEDUCTIBLE AMOUNTS* | |
|--|---|---|
| PROPERTY TYPE DONATION ⁸ | PUBLIC | PRIVATE |
| Cash** | 100% of contribution up to 60% of AGI *** | 100% of contribution up to 30% of AGI |
| Short-term gain or ordinary income or property (Cost basis may be elected for valuation) | 100% of contribution up to 50% of AGI | 100% of contribution up to 30% of AGI |
| Appreciated long-term gain property (Fair market value or cost basis may be elected for valuation) | 100% of contribution up to 30% of FMV up to 60% of cost basis value | 100% of contribution up to 20% of FMV up to 30% of cost basis value |

(If a corporation is the donor, 10% for both public and private charities)

**Charitable deductions exceeding annual AGI limitations can be deducted in the next five preceding years until exhausted.⁴*

***Itemized deductions will be reduced by 2/37 for taxpayers in the 37% tax bracket.¹⁴*

****60% limit on cash contributions to public charities will be reduced by the amount of capital gain property also contributed to the public charities during the year.¹⁴*

The value of gifts other than cash, such as securities or real estate, must be determined based on either the fair market value or cost basis, whichever is less, for the purpose of claiming an income tax deduction.

An additional factor in determining the tax impact of a charitable gift is whether it is made during the donor's lifetime or upon the donor's death (testamentary). The timing of the gift can affect the tax base from which the charitable deduction is allowed, the amount of the charitable deduction allowed and the valuation used to determine deductions at the time of the gift.

| | LIFETIME ⁹ | AT DEATH ¹⁰ |
|--|---|------------------------|
| Tax base upon which charitable deduction is allowed | Income tax base | Estate tax base |
| Charitable deduction limitations* | Percentage of AGI** | Unlimited |
| Restrictions on eligible tax deduction amount based on type of charity | 60% of AGI for public charities 30% of AGI for private charities | Unrestricted |
| Restrictions on eligible tax deduction amount based on type of gift | Long-term capital gain assets: 30% of AGI for public charities/ 20% of AGI for private charities Ordinary income assets: 60% of AGI for public charities*** 30% of AGI for private charities | Unrestricted |
| Valuation used at time of gift | Depending on the type of asset: FMV or cost basis | FMV |

*The deduction for charitable contributions will be reduced by 0.5% of AGI.¹⁴

**Itemized deductions will be reduced by 2/37 for taxpayers in the 37% tax bracket.¹⁴

***60% limit on cash contributions to public charities will be reduced by the amount of capital gain property also contributed to the public charities during the year.¹⁴

CLAIMING A CHARITABLE GIFT

Claiming your charitable donation for tax purposes requires different means of gift substantiation, depending on the type of gift you make. The chart below outlines how to claim different types of charitable gifts for tax deduction purposes.

| TYPE OF GIFT ¹¹ | SUBSTANTIATION TO IRS |
|---|--|
| Cash gift less than \$250 | Canceled check, bank record or acknowledgment from charity |
| Cash gift \$250+ | Acknowledgment from charity |
| Non-cash gift less than \$250 | Receipt from charity unless impractical |
| Non-cash gift between \$250 and \$500 | Acknowledgment from charity |
| Non-cash gift between \$500 and \$5,000* | Acknowledgment from the charity and specific written records |
| Automobiles, planes, boats valued above \$500 but less than \$5,000 | Acknowledgment from the charity |
| Non-cash gift of \$5,000+ | Acknowledgment from the charity and specific written records plus a qualified appraisal. No appraisal is required for gifts of publicly held securities.** |
| Non-cash gift of more than \$500,000 | Acknowledgment from the charity and specific written record plus a qualified appraisal |

¹¹Excluding automobiles, airplanes and boats.¹²

¹²A gift of non-publicly traded securities between \$5,000 and \$10,000 does not require an appraisal, just a partially completed appraisal summary form.¹³





¹ IRS.gov. "About Publication 526, Charitable Contributions." <https://www.irs.gov/forms-pubs/about-publication-526> PDF version. Page 15. Accessed Oct. 29, 2025.

^{2,3} IRS.gov. "About Publication 526, Charitable Contributions." <https://www.irs.gov/forms-pubs/about-publication-526> PDF version. Page 16. Accessed Oct. 29, 2025.

⁴ IRS.gov. "About Publication 526, Charitable Contributions." <https://www.irs.gov/forms-pubs/about-publication-526> PDF version. Page 19. Accessed Oct. 29, 2025.

⁵ IRS.gov. "About Publication 526, Charitable Contributions." <https://www.irs.gov/forms-pubs/about-publication-526> PDF version. Page 16. Accessed Oct. 29, 2025.

⁶ IRS.gov. "About Publication 526, Charitable Contributions." <https://www.irs.gov/forms-pubs/about-publication-526> PDF version. Page 16. Accessed Oct. 29, 2025.

⁷ IRS.gov. "Publication 526 (2024), Charitable Contributions." https://www.irs.gov/publications/p526#en_US_2024_publink1000140461. Accessed Oct. 29, 2025.

⁸ IRS.gov. "About Publication 526, Charitable Contributions." <https://www.irs.gov/forms-pubs/about-publication-526> PDF version. Pages 15-16. Accessed Oct. 29, 2025.

⁹ IRS.gov. "Publication 526 (2024), Charitable Contributions." https://www.irs.gov/publications/p526#en_US_2024_publink1000140461. Accessed Oct. 29, 2025.

¹⁰ Cornell Law School, Legal Information Institute. "26 U.S. Code 2055 - Transfers for public, charitable, and religious uses." <https://www.law.cornell.edu/uscode/text/26/2055>. Paragraphs (a) and (a)(2). Accessed Oct. 29, 2025.

¹¹ IRS.gov. "Publication 526 (2024), Charitable Contributions." https://www.irs.gov/publications/p526#en_US_2024_publink1000140461. Accessed July 31, 2025.

¹² IRS.gov. "Publication 526 (2024), Charitable Contributions." https://www.irs.gov/publications/p526#en_US_2024_publink1000229844. Accessed Oct. 29, 2025.

¹³ IRS.gov. "About Publication 526, Charitable Contributions." <https://www.irs.gov/forms-pubs/about-publication-526> PDF version. Pages 23. Accessed Oct. 29, 2025.

¹⁴ Congress.Gov. "H.R.1 - One Big Beautiful Bill Act." <https://www.congress.gov/bill/119th-congress/house-bill/1/text>. Accessed Oct. 29, 2025.



MASSEY

AND ASSOCIATES, INC.

Retirement Wealth Advisors

250F Centerville Road

Warwick, RI 02886

401-333-8000

info@MasseyAndAssociates.com

MasseyAndAssociates.com

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