Jewish Foundation
OF GREATER NEW HAVEN

TAX-SMART WAYS TO GIVE

STOCK GIVING

When you donate long-term appreciated securities, you can claim a charitable income tax deduction for the fair market value of the securities on the date of transfer, no matter what you originally paid for them. You pay no capital gains tax on the transfer.

> Donating the stock results in no capitals gains tax being paid, a larger itemized deduction, and more money for the charity of your choice. That's a win-win!

If the Securities Have Appreciated
If the securities originally cost $2,000 and now have a fair market value of $10,000, you do not pay tax on the $8,000 gain. You may, however, claim a charitable income tax deduction for the full $10,000.

If the Securities Have Depreciated
In this case, it is usually better to sell first. By doing so, you can take the capital loss for tax purposes and then donate the cash.

	Gift of $10,000 cash	Gift of $10,000 stock
Initial cost basis of securities/appreciation	N/A	$2,000/$8,000
Capital gains tax saved or paid (assumes 20% rate)	N/A	$1,600
Personal income tax savings (0.35 × amount donated)	$3, 500	$3,500
Net Tax savings	**$3,500**	**$5,100**

This example assumes 35% tax bracket, a cost basis of $2,000, that the investment has been held for more than a year, and that all realized gains are subject to a 20% long-term capital gains tax rate. This does not take into account any state or local taxes.

EXTRA TIP: CONSIDER BUNCHING!

No longer itemizing? Consider "bunching" donations.

The advice from many experts is to bunch donations so that your itemized deductions go beyond the current standard deduction amounts for 2026 of $16,100 for individuals and $32,200 for those who file jointly (adjusted annually for inflation). If you do not routinely exceed the standard deduction, you can get over it by bunching donations of stock to charities or to a donor-advised fund.

Scan to learn more about opening a Donor-Advised Fund or visit

https://newhavenjewishfoundation.org/donor/

IRA/RETIREMENT PLAN GIVING

Charitable Giving Opportunity with an IRA during a Donor's Lifetime The Charitable IRA Rollover is a way for you to pay less tax while supporting your favorite charities. You can donate up to $115,000 from your traditional IRA – tax-free.

This strategy may be right for you if you:
• are age 70 ½ and older;
• want to reduce the value of future distributions you will be required to take;
• do not itemize your deductions and would like to realize an increased tax benefit for your giving;
• already contribute to charity at your deduction limit, and you want to donate more;
• do not need your Required Minimum Distribution;
• have a secondary smaller IRA you do not need; and/or
• wish to reduce your IRA and remove it from your taxable estate.

Retirement Plans as Part of Your Estate Plan
Retirement plans, such as IRAs/401(k)s/403(b)s, are tax-plagued assets when they are left to a non-spouse beneficiary. Under the Secure Act, a non-spouse beneficiary of an IRA/401(k)/403(b) must withdraw the entire amount of the inherited retirement within 10 years; non-spouse beneficiaries are no longer permitted to "stretch" the withdrawals over their lifetime.

CONSIDER THIS EXAMPLE

Mr. Cohen passes away and his 2 sons are the named beneficiaries of his $150,000 IRA. The sons must withdraw the entire amount within 10 years, which means they will pay about $50,000 in income tax. In this scenario, the $150,000 asset is only worth $100,000.

Had Mr. Cohen named a charity as the beneficiary of the IRA, the charity would have received the entire $150,000. Mr. Cohen could then leave his other, tax-free assets to his sons.

	During Lifetime	**In Estate Plan**
Vehicle	IRA	IRA, 401(k), 403(b)
Maximum	$115,000/yr*	Unlimited
Beneficiary	Any US-based charity	Any US-based charity or donor-advised fund
Tax Exemptions	Income tax	Income tax, estate tax
Process	Rollover directly from IRA	Name charity as designated beneficiary
Required Paperwork	IRA rollover form	Beneficiary designation form
Age Restrictions	Must be 70 ½ or older	None
Gift Timing	Immediately	At your passing

*adjusted for inflation