Smart Money
Community Foundation News for Advisors
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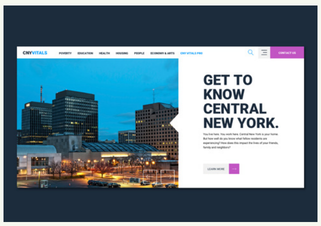
CNY Vitals: A new resource to share with your clients



We are excited to introduce you to **CNYVitals.com,** a data visualization tool that allows you to share information about local issues and priorities with your clients. Your clients can use this interactive site to see where we can improve and identify where to focus their resources.

What is CNY Vitals?

CNY Vitals is a 'state of the community' website that provides a common source of data and interactive visualizations on critical local topics.

How you can use CNY Vitals

Strengthen your relationship with your clients by introducing them to this valuable resource.

Help your clients maximize the impact of their charitable giving and focus their resources.

Interested in brochures you can distribute to your clients? Call Tom Griffith at 315-422-9538.

Tax Reform: Changes to Charitable Giving? *by Thomas Griffith*

There is an old adage: the more things change, the more they stay the same.

Passage of the *Tax Cuts and Jobs Act* last year led to a fair amount of speculation and anxiety about the impact on charitable giving – and the charities that rely on it. The good news is that much remains the same. For the most part, charitable giving rules were unaffected in the new law. In fact, the new law offers additional planning opportunities for your charitably inclined clients.

What Hasn't Changed

Charitable gifts made to qualified nonprofit organizations are still eligible for deduction by taxpayers. Concerns arose among charities because the law increased the standard deduction that all taxpayers could use. If your client doesn't itemize their deductions, the tax benefit of charitable giving is eliminated. But the gifts themselves are still eligible for deduction, and with proper planning that benefit can still be enjoyed by your clients.

New Planning Opportunity

The increased Standard Deduction and $10,000 cap on state and local income and property tax deductions will result in a significant reduction in the number of people who can itemize deductions. However, one of these deductions that can be adjusted is the charitable deduction. By using a donor-advised fund, a client may be able to maximize the tax advantages of giving. Here is how it works:

- Open a Fund. Creating a donor-advised fund at the Community Foundation is simple and there is no setup fee.
- Make a Contribution; Get a Tax Benefit. Make a gift in the current year ("Gift Year") to the Fund that is equal to your projected charitable giving over the next several years. This amount should be large enough to allow your total deductions to exceed the standard deduction for this Gift Year.
- Use the Fund. Support the causes you care about – in Central New York and beyond – by recommending grants to the charities of your choice in any year you choose.
- Add more money to the fund when it makes sense. Add to the fund when your giving depletes it, or in a year that you are able to itemize deductions.

Many other techniques still work, too.

Giving Appreciated Assets: Stock gifts provide an opportunity to reduce the 'cost' of your clients' charitable gifts. The benefit of giving cash to a charity is the tax savings resulting from the possible tax deduction, assuming that your client can itemize. By giving appreciated securities to a charity, like Amazon or Apple stock, your client not only gets the possible tax deduction at fair market value, but also avoids paying capital gains tax on the appreciation. This eliminates the 15% to 32% combined federal and state tax (depending on a client's income) on the appreciation. Two additional ways to use gifts of appreciated assets are:

- Resetting Cost Basis: Once an appreciated security is gifted, the same security can be repurchased in the future, thus resetting the cost basis to the current fair market value.
- Rebalancing a Portfolio: When rebalancing a client's stock allocation, some portion of this rebalancing may be achieved by donating appreciated securities and then using cash to buy the assets that need to be increased within the allocation.

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CENTRAL NEW YORK COMMUNITY FOUNDATION, INC.

Contact Us

Our development team is available to assist you with the information and tools that help your clients achieve their charitable goals.

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Required Minimum Distributions (RMDs): Clients can donate an amount to generate a charitable deduction that offsets the additional taxable income received from retirement plans.

Charitable IRA Rollover: There is also a way to transfer a gift from an IRA to charity without it being counted as income or being taxed. This is called a "qualified charitable distribution" (QCD), more commonly known as the Charitable IRA Rollover. In addition to being a tax-free rollover, the QCD can count toward your client's required minimum distribution in any given tax year if completed by 12/31. For clients who don't itemize, the QCD is an attractive alternative gift structure, especially for individuals looking to sustain or even increase giving as their cash-flow changes in retirement.

Giving Other Assets: Your client can still use assets other than cash or publicly traded securities to fund their charitable giving. The Community Foundation can also accept closely held shares, LLP or LLC interests, real estate, commodities (e.g., silver bars), life insurance and most any other asset that has value. Some of these asset types take more planning and effort and can't be implemented quickly, but allow a charitable client to use any of their assets for giving.

Legacy Gifts: Any bequest, beneficiary designation, or other gift from an estate still works under the new tax law.

To learn more about charitable giving and funds at the Community Foundation, contact Tom Griffith, Director of Gift Planning at tgriffith@cnycf.org.