



Additional Complex Ways to Give

AFM recommends consulting with a financial advisor to review whether any of the following giving strategies would be worth consideration. For tax questions, please contact a licensed accountant or CPA.

Donor Advised Fund (DAF): The donor establishes this fund and can then gift cash, stock, real estate or business interests into the fund. Part, or all, of the gift can be deducted from the donor's taxes in the year of the gift. Inside the DAF, funds grow tax free. At any time, the donor can make recommendations to grant money to the charity of their choice. Any remaining funds left in the DAF at death can be granted out immediately, or over a specified period of time.

Qualified Charitable Distributions (QCD): For individuals making "required minimum distributions" from an IRA (usually age 70.5+), a QCD is a direct gift to a specific charity from the individual's retirement account. The gift satisfies the required minimum distribution dollar-for-dollar. No tax is owed on the distribution and the individual cannot claim a tax deduction on the gift.

Charitable Remainder Trust (CRT): Drafted by an attorney, the CRT is an efficient way for the donor to receive an immediate tax deduction on assets gifted into the trust and income for the remainder of the grantor's life. The "remainder" of the trust is left as a legacy to charity when the grantor dies. Inside the CRT, funds can be invested for tax-free growth. Usually, the donor prefers to gift highly appreciated assets into the trust, as most/all of the gains on the gift will not be taxed.

Charitable Lead Trust (CLT): Drafted by an attorney, CLTs function inversely to CRTs. A large gift can be made into a CLT. Then for a set period of time, or until the grantor's death, income is distributed to charity. At the death of the grantor, the remaining funds in the CLT are left to loved ones, potentially reducing estate or gift tax consequences.

Gifting a Life Insurance Policy: In addition to making a charity the beneficiary on a new/existing life insurance policy, individuals can gift a life policy to a charity or donor advised fund (referenced above). The present value of the insurance policy can be deducted immediately on the donor's taxes and future premium payments may be deductible for the donor.