

NAPLES GLOBAL
ADVISORS

Sara Perkis

Principal & Client Advisor



Year End Charitable Financial Planning Considerations and Timing

A group of Naples Global Advisors team members (and our three canine mascots) showed our community spirit in November by participating in The American Heart Association's (AHA) Heart Walk, which annually raises significant funds for the AHA. Year-end is a time of wondrous giving and generosity, to be sure. Amongst all the merriment, feasting, and shopping that occur, many likewise give thought to their blessings and how to share those through their charitable donations. To that end, the team at Naples Global Advisors wants to provide charitable planning suggestions to assist with your end-of-year considerations.



Donor Advised Funds

If you are heading into year-end with uncertainty around where you may want to allocate charitable donations, a Donor Advised Fund (DAF) may be the perfect solution. Donor Advised Funds are charitable investment accounts with the sole purpose of supporting charitable organizations you care about. DAFs are structured as an independent 501(c)(3) public charity. As such, contributing to a DAF provides the same tax benefits as donating directly to a charity. What is more, you may donate a variety of asset types to a DAF. For instance, cash contributions to a DAF are deductible up to 60% of your adjusted gross income. You may also donate other

assets such as highly appreciated stock, real estate, and restricted stock, among others. The tax deductibility varies for highly appreciated stock and other assets. Once you've opened a DAF and contributed assets, you may then arrange for grants to any IRS-qualified public charity. One prominent planning strategy if you've had a high-income tax year and want to increase your itemized deductions, is super-funding a DAF in a single year to maximize the tax benefit, and then using the proceeds over time to support various charities.

Qualified Charitable Distributions from an IRA

If you are 70.5 or older, remember Qualified Charitable Distributions (QCDs) allow individuals to withdraw money from IRAs on a federal income tax-free basis, providing the funds are paid directly to a qualified charity. Here is how this tax-free charitable donation works:

1. Possess an IRA (Note this does not include 401(k) plans, active SEP IRAs, nor active SIMPLE IRAs)
2. Attain age 70.5 (Note this does not coincide with Required Minimum Distribution (RMD) age of 73)
3. Choose qualified charity(ies) to receive the donation(s)
4. Donate directly from the IRA to the qualified charity
5. Inform your tax preparer of the QCD(s)

Qualified individuals can donate up to \$105,000 from an IRA directly to a charity in 2024. QCDs are a great way to reduce taxable income generated by IRA withdrawals and RMDs. In many situations, removing income taxed as ordinary income via a QCD is a more tax beneficial charitable contribution strategy than donating cash or securities and receiving an income tax deduction.

Year End Timing Items

Advanced planning is crucial due to processing times and deadlines, so you should organize your charitable giving plan as soon as possible. If you haven't opened a DAF yet, allow 14 business days to open the account prior to contributing. Likewise, it can take time to transfer assets into a DAF, especially when transferring stocks, mutual funds, or other securities from a firm other than your custodian. Allow two to six weeks for processing. Similarly, for QCDs, checks must be issued from the IRA directly to the charity. These check requests can take a few days to set up, so again, don't delay.

We've provided some broad strokes on Donor Advised Funds and Qualified Charitable Distributions. If you'd like to discuss these planning strategies in more detail, reach out to us at info@naplesglobaladvisors.com or by phone at (239) 776-7900.



NAPLES GLOBAL ADVISORS

naplesglobaladvisors.com | (239) 776-7900
720 Fifth Avenue South, Suite 200 | Naples, FL 34102

The information provided is for educational and informational purposes only and is not intended to be, and should not be interpreted as, recommendations to purchase or sell securities. All investments contain risk and may lose value. All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information. Naples Global Advisors, LLC is governed under the Securities and Exchange Commission as an Investment Advisor under the Investment Advisors Act of 1940.