



Friends of Grandmothers' Garden, Inc.

Primer on Tax-Efficient Charitable Giving

Charitable giving can be deeply meaningful and tax-efficient when structured correctly. This primer summarizes four powerful tools available to donors, highlighting key tax benefits.

1. Qualified Charitable Distributions (QCDs) from IRAs

Best for: Retirees age 70½ or older seeking maximum tax efficiency.

Key Benefits:

- Satisfies Required Minimum Distributions (RMDs) **without increasing taxable income**.
- Reduces **Adjusted Gross Income (AGI)**, lowering Medicare IRMAA surcharges and taxable Social Security.
- Allows up to **\$111,000 per person per year** (2026 limit) to be donated directly to qualified charities.
- No need to itemize deductions—works even with the standard deduction.

Requirements:

- Must be paid **directly** from the IRA custodian to the charity.
- Must go to a **qualified 501(c)3** (not donor-advised funds or private foundations).

2. Donating Appreciated Equities

Best for: Investors with long-term appreciated stocks, ETFs, or mutual funds.

Key Benefits:

- Avoids **capital gains tax** on appreciation.
- Deduct the **full fair market value** (if held >1 year), up to **30% of AGI** with a 5-year carryforward.
- Enables **tax-free portfolio rebalancing** and reduction of concentrated positions.

3. Cash Donations

Best for: Simplicity and broad eligibility.

Key Benefits:

- Deductible if you itemize, up to **60% of AGI** for gifts to public charities.

4. Naming a Charity a Life Insurance or Estate Beneficiary

Best for: Donors seeking to name a charity as beneficiary for a future gift.

Key Points:

- Naming a charity as beneficiary allows a future gift without impacting current cash flow.
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Summary: Choosing the Most Tax-Efficient Method

- **QCDs:** Best for retirees; directly reduce taxable income.
 - **Appreciated equities:** Best for investors; avoid capital gains and maximize deductions.
 - **Cash:** Deductible if you itemize; simple and broad.
 - **Life insurance:** Best for legacy planning.
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Quick Decision Guide

- If you're **over 70½** → Prioritize **QCDs**.
 - If you hold **highly appreciated stock** → Donate the shares, not cash.
 - If you prefer a **straightforward gift** → Use cash.
 - If you want to create a **future legacy** → Consider life insurance.
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Next Steps

- If you're interested in making a Tax-Efficient Charitable Gift to **Friends of Grandmothers' Garden, Inc.**, we are a 501(c)3 charitable organization.
- **Cash Donations**, including QCD cash distributions, can be made directly to: Friends of Grandmothers' Garden Inc., P.O. Box 1432, Westfield, MA 01086
- **Equity Donations**, including QCD equity distributions, can be made directly to: Friends of Grandmothers' Garden Inc. Endowment Fund at Community Foundation of Western Massachusetts. Please contact Allen Steiger at: allensteiger@yahoo.com or 860-574-4858 for donation instructions.

This primer provides general educational information. For personalized tax planning, consult a qualified tax professional.