



Powering people, ideas,  
and institutions for good

# Your Charitable Toolbox

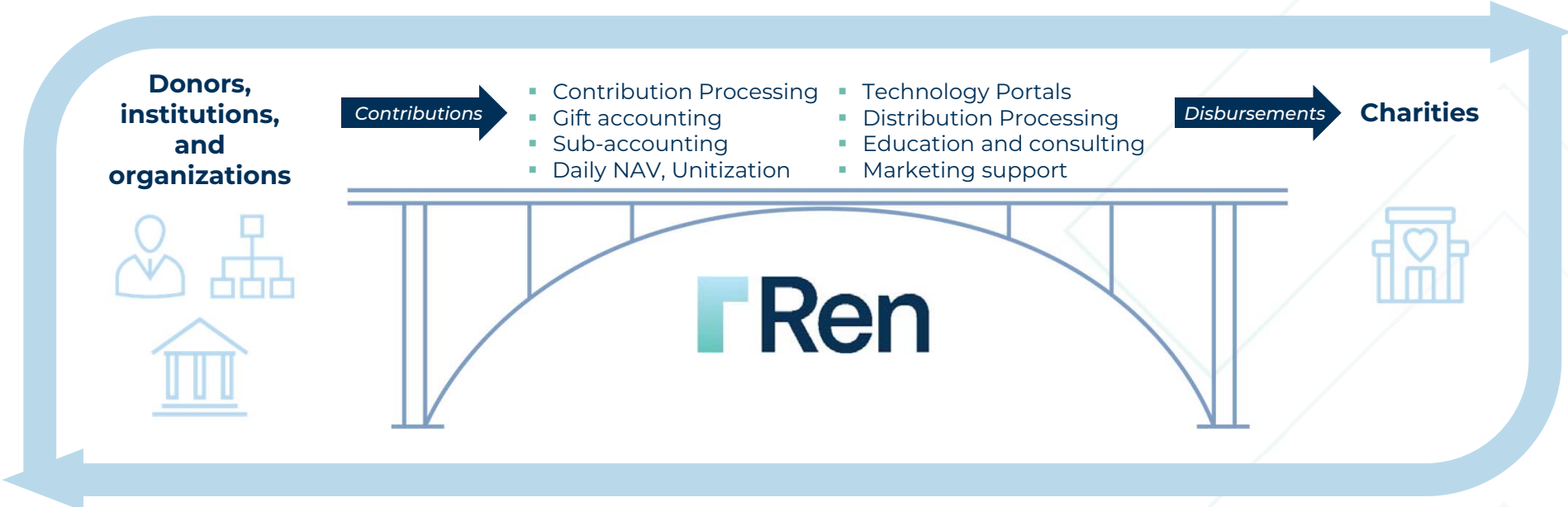
Jordan Richardson, AIF®, CAP®



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# We're the bridge between donors and charities

Working together to deliver value to donors and the philanthropic industry!



**Donors,  
institutions,  
and  
organizations**

**Contributions**

- Contribution Processing
- Gift accounting
- Sub-accounting
- Daily NAV, Unitization
- Technology Portals
- Distribution Processing
- Education and consulting
- Marketing support

**Disbursements**

**Charities**

**Ren**



**Over 60 combined years in Philanthropic Technology**

**\$100B+ in Charitable Assets**

**350+ Customers**

©2022 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# About Me



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# What's in our toolbox?

## Agenda

**1** Donor Advised Funds (DAFs)

**2** Charitable Trusts

**3** Charitable Gift Annuities

**4** Other tools



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# Not in our toolbox...



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.



# 1. Donor Advised Fund (DAF)



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# How do DAFs work?



## Donor contributes to the DAF

- A variety of asset types accepted
- Donor receives a fair-market value tax deduction in the year of the contribution

## Financial professional manages contributions

- Assets grow tax free
- Donor recommends investment options to the sponsoring charity

## Donor recommends grants to public charities of their choice





# DAF History

**1931** – New York Community Trust

**1969** – Tax Reform Act

**1991** – Fidelity creates The Gift Fund

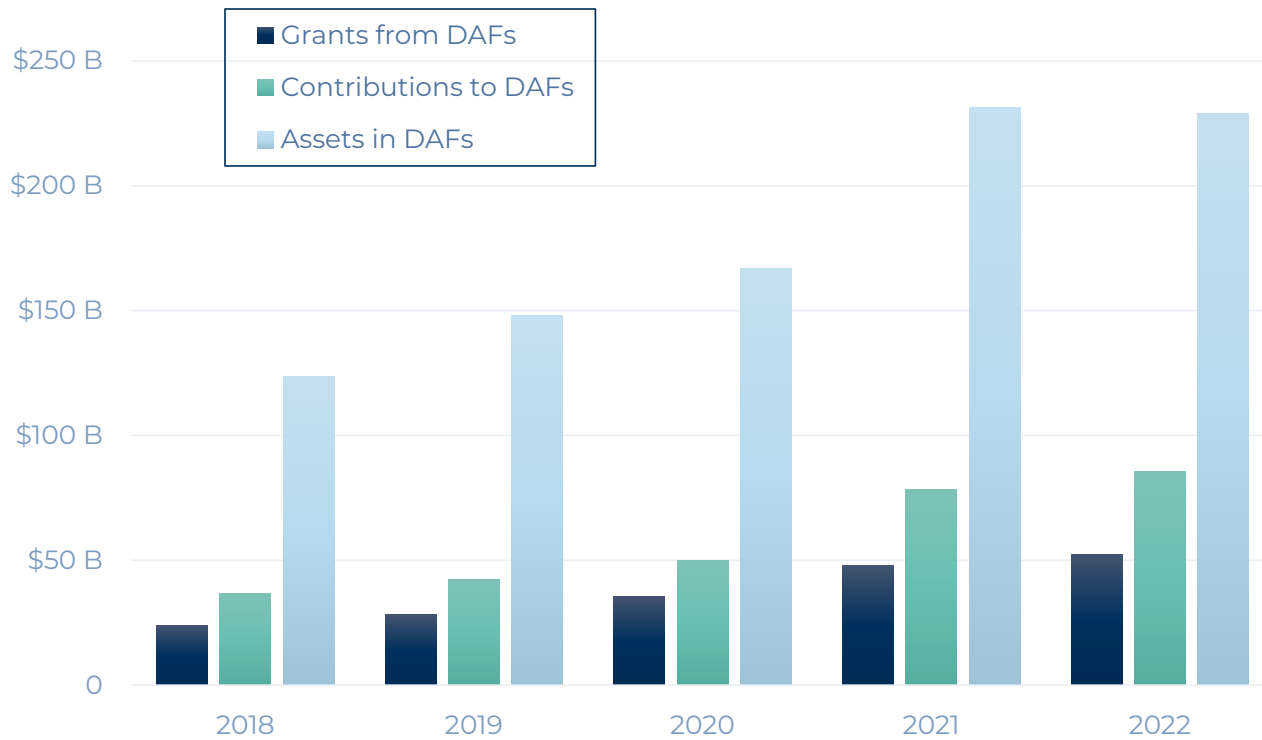
**2006** – §4966

**2017** – Tax Cuts & Jobs Act



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# DAF popularity continues to grow



Source: National Philanthropic Trust 2023 Donor-Advised Fund Report

# Who Sponsors DAFs?

1. Financial Institutions
2. Community Foundations
3. Single-Issue Non-profits
4. National Organizations



National Christian  
FOUNDATION®



Any donor. Any gift. Any charity.

# Exploring Donor Advised Funds

## Popular Uses, Triggers, Timing, and Advantages



- Income tax deduction
- Avoid capital gains
- Simple, low-minimum set up
- Can use family name
- Allows anonymity
- Philanthropic legacy
- Retirement and estate planning
- High income year
- Flexible longevity
- Concentrated positions
- Highly appreciated securities
- Frequent recurring charitable gifts
- Annual gifts made from DAF can free up cash for other purposes
- Consolidate/simplify existing charitable vehicles:
  - Private foundation
  - DAF rollover



# DAF Tax Strategy: Bunching

## What is it?

Combining several years of charitable contributions into a single tax year in order to exceed the standard deduction in the year of the contribution

## Who is it for?

Best for clients who give charitably each year, but not enough to exceed the standard deduction.

## How does it work?

Clients “front-load” their charitable giving for multiple years in one year to benefit from the tax deduction in that year, then continue their regular giving in future years, but giving comes from their DAF. This frees up cash flow in other areas as well.

# Your Charitable Toolbox

## DAF

**What:** Account for current and future giving

**Who:** Maximize tax deduction, organize giving (to multiple charities), give complex assets



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# 2a.Charitable Remainder Trust (CRT)



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# Charitable Remainder Trust (CRT)



- Must pay income to at least one taxable income beneficiary
- Income is based on a percentage not less than 5% or more than 50%.
- The trust must pass the 10% test.
- Income is paid at least annually
- For a life or lives or a fixed term not to exceed 20 years
- At termination, assets remaining are paid to charity
- Administered using the four-tier accounting system



# Exploring Charitable Remainder Trusts

## Popular Uses, Triggers, Timing, and Advantages



- Income tax deduction
- Defer capital gains
- Income for life (or term of years)
- Philanthropic legacy
- Retirement and estate planning
- High income year
- Concentrated positions
- Highly appreciated securities
- Illiquid asset
- Planned Gift

# An Ideal Donor

## Four Motivations



- Philanthropic
  - Gives to charity
  - Would like to give more/leave a legacy
- Tax/Financial
  - Avoid Taxes
  - And increase income
- Family Dynamic
  - Give assets to heirs
  - Involve heirs in philanthropy
- Situational



# Your Charitable Toolbox

## DAF

**What:** Account for current and future giving

**Who:** Maximize tax deduction, organize giving (to multiple charities), give complex assets

## CRT

**What:** Trust for current income and future giving

**Who:** Desires partial tax deduction for future gift, while retaining income stream

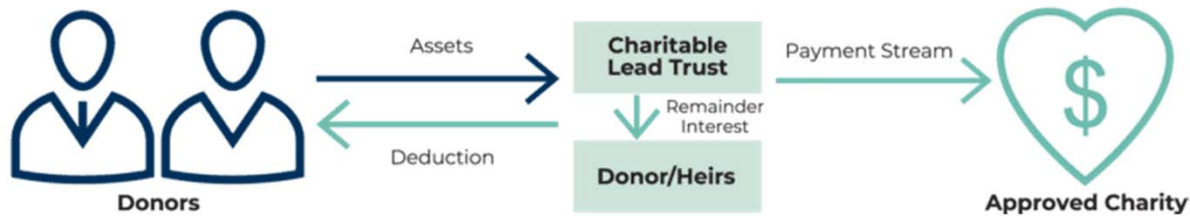


## 2b. Charitable Lead Trust (CLT)



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# Charitable Lead Trust (CLT)



- Must pay income to at least one charitable beneficiary
- Remainder to heirs or grantor
- No limit on term of years
- No minimum or maximum payout rate
- No four-tier accounting system
- Income tax deduction if grantor trust
- “Phantom Income”

# Exploring Charitable Lead Trusts

## Popular Uses, Triggers, Timing, and Advantages



- Annuity Trust (CLAT)
  - One contribution, fixed distribution amounts
- Unitrust (CLUT)
  - Multiple contributions, variable distribution amounts
- Grantor Trust
  - Tax Deductible, remainder returns to grantor
- Non-Grantor
  - Not tax deductible, remainder to spouse, kids, or other heirs

# Your Charitable Toolbox

## DAF

**What:** Account for current and future giving

**Who:** Maximize tax deduction, organize giving (to multiple charities), give complex assets

## CRT

**What:** Trust for current income and future giving

**Who:** Desires partial tax deduction for future gift, while retaining income stream

## CLT

**What:** Trust for current giving and passing assets to heirs

**Who:** Ensure spouse and/or heirs are supported efficiently while making current gifts to charity

# 3. Charitable Gift Annuity (CGA)



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.



# Charitable Gift Annuity (CGA)



- Asset of the charity
- Must pay income to at least one (or two) taxable income beneficiary
- For a life or lives or a fixed term not to exceed 20 years
- Can be immediate or deferred
- Income is paid at least annually
- At termination, assets remaining are paid to charity

# Exploring Charitable Gift Annuities

## Popular Uses, Triggers, Timing, and Advantages



- Income tax deduction
- Defer capital gains
- Income for life (or term of years)
- Philanthropic legacy
- Retirement and estate planning
- High income year
- Concentrated positions
- Highly appreciated securities
- Planned Gift

# Comparing CRTs & CGAs

Which do I choose?

## CRT

- Can benefit more income beneficiaries
- Can support multiple charities
- Investment flexibility
- Payout flexibility (up to 10% rule)
- Charity does not need to be directly involved

## CGA

- More simple
- Generally lower minimums
- Direct relationship to the beneficiary charity
- May result in higher tax deduction

# Your Charitable Toolbox

## DAF

**What:** Account for current and future giving

**Who:** Maximize tax deduction, organize giving (to multiple charities), give complex assets

## CRT

**What:** Trust for current income and future giving

**Who:** Desires partial tax deduction for future gift, while retaining income stream.

## CLT

**What:** Trust for current giving and passing assets to heirs

**Who:** Ensure spouse and/or heirs are supported efficiently while making current gifts to charity

## CGA

**What:** Contract between charity and donor for current income and planned gift

**Who:** Desires partial tax deduction for future gift, while retaining income stream

# Other Tools



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# Pooled Income Fund (PIF)

- Irrevocable trust maintained by a public charity
- Donor gifts are combined for investment purposes
- Donor received lifetime income
- Generally, available for any gift size
- Can make additional contributions

# Qualified Charitable Distribution (QCD)

- Donors age 70.5 or older
- Does not require a separate account/tool
- No ordinary income tax (and no deduction)
- Up to \$100,000 per year
- Satisfies RMD
- One-time funding of CGA or CRT up to \$50,000



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.

# Gifts of Crypto

- Treated as personal property
- Requires qualified appraisal and Form 8283
- Gift Acceptance Policy (and Investment Policy?)
- Use of intermediaries
  - The Giving Block
  - Engiven



# Questions?

[richardsonj@reninc.com](mailto:richardsonj@reninc.com)



©2024 Ren. All rights reserved. Contents of this document are proprietary and confidential.