

Tips for clients' year-end giving



Year-end giving makes up a significant portion of total revenue for most charitable organizations. Research even shows that a whopping [25%](#) of online giving occurs in December! What this means is that there's a pretty good chance your clients are already considering end-of-year gifts to support causes they care about, are being asked by at least one nonprofit for an end-of-year gift, or both. That's why it's important for you to talk with clients well in advance of the year-end giving rush.

Here are six tips to help jumpstart your client conversations over the next few weeks. Please give us a call if you'd like to dive deeper! We are here for you.

Check in on goals. By discussing your clients' overall charitable goals, you can ascertain which causes your clients are passionate about and why they care, how much they'd like to contribute in the short term and over time, the impact they'd like to see, and whether they intend to provide for their favorite charities in their estate plan. Against this backdrop, year-end giving strategies become easier to develop.

Explore a wide variety of fund types. Donor-advised funds are very popular vehicles, and community foundations are ideal providers of donor-advised funds for clients who want to keep their philanthropy local and benefit from the community foundation's focus, expertise, and mission-driven 501(c)(3) status. But donor-advised funds are not the only types of funds that the community foundation offers. Your clients can also establish field-of-interest funds, designated funds, unrestricted funds, or scholarship funds. Our team will help you evaluate what type of fund (or funds) is best suited for a particular client. For example, a client considering a [Qualified Charitable Distribution](#) from an IRA is a great candidate to establish a field-of-interest or designated fund.

Understand the community foundation's donor-advised fund advantages. As you work with clients for whom a donor-advised fund is appropriate, be sure you understand why the community foundation is such a great fit for so many philanthropic individuals and families. Indeed, the community foundation is the truly local option for donor-advised funds. Large, national providers associated with financial institutions also offer donor-advised funds, but those vehicles are typically not a fit for clients who care about our community and want to support the region's nonprofits in a meaningful way.

Know how a donor-advised fund works. It's easy for a client to establish a donor-advised fund at the community foundation. After completing simple paperwork, your client will make a tax-deductible gift (of cash or, ideally, stock or other highly-appreciated asset) to the community foundation to fund the donor-advised fund. The funds can then be granted out to eligible charities at the client's recommendation over time. Many clients find that a donor-advised fund operates almost identically to a private foundation, but without the sometimes hefty administrative overhead costs and burdensome restrictions. A donor-advised fund can be named after the client (e.g., Smith Family Fund) or named to reflect the purpose of the client's giving (e.g., Fund for the Future of Anytown), or even structured to enable the client to give anonymously.)

Supercharge both tax benefits and giving. Giving through a donor-advised fund at the community foundation may allow a client to tap a helpful technique called "[bunching](#)," which maximizes the client's itemized deductions for the tax year, while still ensuring that the client can give strategically over the next few years to achieve charitable goals and support favorite organizations when they need it the most.

Don't default to cash. Many clients naturally think of cash as the source for their year-end giving. That's a missed opportunity! Most of the time, highly-appreciated marketable securities (or other highly-appreciated, long-term assets) are a better gift to a client's fund at the community foundation or other public charity because the client is eligible for a tax deduction at the assets' fair market value, and the proceeds from the sale of the assets will flow into the client's fund at the community foundation free from capital gains tax. That means more funds are available to support the client's favorite causes.

Philanthropy is an important topic of conversation with your clients, not just at the end of the year, but always. Our team is here to help you ensure that your clients can meet their financial and charitable goals through year-end giving and beyond.