VALLEY MEDICAL CENTER foundation

Helping Silicon Valley Care

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Major Gifts

Charitable Giving and Taxes: How to Make the Most of Your Dollars

DID YOU KNOW...

- **You can make a charitable gift of stocks, bonds, and other securities, take an immediate tax deduction and still receive income from them?**
- **You can donate securities to a non-profit, receive a tax deduction for their full market value, and not pay capital gains taxes on their growth?**

Making a major gift to a charity or organization provides a wonderful sense of satisfaction, and results in a positive impact on the community. It can also provide significant tax advantages if done correctly. The Valley Medical Center Foundation is here to help, with experienced staff who can help you make the right decision for your family and your community.

The Basics

- A gift to a non-profit is tax deductible, offsetting the donor's taxable income.
- Gifting highly appreciated assets provides a tax deduction and allows the donor to avoid capital gains tax. A non-profit can then sell the stock without paying taxes on capital gains.

Gifting Strategies

- **Bequests:** Naming a non-profit in a will or trust ensures those assets benefit the charity you choose. This allows you, not the government or your heirs to determine how your estate is used.
- **Charitable Remainder Trusts and Charitable Remainder Annuity Trusts (CRTs and CRATs):** These strategies allow you to donate assets to a charity while maintaining an income stream for a specified time or your lifetime. Upon your passing or the expiration of the trust the remaining assets go to the specified charity.
    - You receive a current tax deduction for the gift to the CRT (the gift must be "irrevocable").
    - You can still receive income from the assets (within certain constraints) so you can make a larger gift without impacting your lifestyle.
    - The assets are out of your estate, so your exposure to estate taxes is lowered.
- **Charitable Lead Trusts (CLTs):** A CLT is essentially a reverse CRT in that the trust pays income to the named charity while the grantor specifies a non-charitable beneficiary or beneficiaries. A CLT has more complex tax implications than a CRT, and is also irrevocable.

What is the Best Strategy for You?

Any major charitable gift should be a part of an individual's overall tax and estate planning. Consult with tax and estate planning professionals to create a strategy which meets your specific needs.

To learn more about these strategies and planned giving opportunities at the Valley Medical Center Foundation, please contact Ralph Dickman at **ralph.dickman@hhs.sccgov.org** or **(408) 282-1748.**