

From the Experts . . .

Charitable Giving Tips

Below are a few important considerations when planning to make a charitable gift.

1. Plan Early

To ensure that your charitable contribution is processed in time to qualify for a deduction in 2002, make certain that you begin the process sooner rather than later. Many charities, such as The Community Foundation, have year-end deadlines for various types of gifts. Contact these charities to learn what donation deadlines they may have, particularly if you are considering a gift of stock or other property.

2. Giving Gifts of Appreciated Property

Despite the market declines of the last couple of years, many donors have assets such as stocks and mutual funds that have been held for many years and are now highly appreciated. Normally, it makes far more sense to make a gift of long-term capital gain property than selling the property, incurring the capital gain tax liability and donating the cash sales proceeds.

3. Giving Gifts of Loss Property

If you own a stock or mutual fund that is at a loss and you would like to make use of that stock or mutual fund to provide the capital for a charitable gift, it generally makes more sense to sell the stock or mutual fund, realize the loss and donate the cash from the sales proceeds.

4. Giving Gifts of Deferred Annuity Contracts

Many investors own fixed or variable deferred annuity contracts that have surrender values far in excess of the premium paid into the contract. Generally speaking the gift of a deferred annuity contract will result in a taxable event to the donor of the gift that may not be fully offset by the donation. While lifetime gifts of deferred annuity contracts are normally inadvisable, naming a charity the beneficiary of an annuity contract and making the gift at death is very tax efficient.

Like other tax matters, we encourage you to discuss your unique situation with your Financial Advisor and tax professional before proceeding.

How to Start a Donor Advised Fund at The Community Foundation

1. Fill out a two-page Donor Advised Fund form and name the fund.
2. Make the charitable donation or bequest.
3. Recommend grants to charities on any timetable.

You will receive:

1. A written confirmation for each grant and contribution.
2. A quarterly summary of activity.
3. A single form for tax records.



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