

March 13, 2025

Charitable Strategies for Smarter 2025 Giving

Presented by Fidelity Charitable®

Agenda

1. Where to start with giving back
2. The potential tax advantages of strategic giving
3. Giving back with Fidelity Charitable®



Where to start when giving back



Creating a strategic giving plan

Having a plan
when you want to
give back can
make you more
effective

Ideas to consider:

- Set a target giving budget and schedule automatic, recurring donations
 - Consider giving throughout the year to beat the year-end rush
- Don't forget your workplace charitable benefits can help increase your impact
- Choose the right asset to fund your giving—some options have more benefits than others

Quick poll:

If you've given to charity in the last year,
what did you use to give?

The potential tax benefits of strategic giving



2025 Tax incentives

Income Tax Benefits¹ *(for itemizers)*

Cash AGI limitations

- 60% to public charities or donor-advised funds
- 30% to private foundations

Long-term appreciated securities AGI limitations

- 30% to public charities or donor-advised funds
- 20% to private foundations

¹ Generally deductions exceeding these AGI limits can be carried forward for up to five additional years.

² May be eliminated if long-term appreciated assets are contributed to a public charity.

Capital Gains²

Short-term appreciated securities *(owned for 1 year or less)*

- Taxed at ordinary rates
- 3.8% Medicare surtax in some cases
- Deduction usually limited to cost basis

Long-term appreciated securities

- Taxed at 15% or 20%
- 3.8% Medicare surtax in some cases
- Deduction usually equal to the fair market value at the time of contribution

Popular assets to give



Cash equivalents



Appreciated securities



Complex, non-publicly traded assets

Benefits of donating long-term appreciated assets or complex assets:

- Potentially eliminate capital gains taxes and the Medicare surtax, which could be up to 23.8%
- Qualify for an immediate income tax deduction for the fair market value if you itemize
- Maximize support to your favorite causes by donating directly rather than liquidating and giving the after-tax proceeds

¹ For contributions of complex or non-publicly traded assets generally fair market value is determined by a qualified appraiser in compliance with IRS.

Donate appreciated securities to potentially reduce taxes and increase giving

\$20,000

Donation to Charity



CASH, CARD,
OR CHECK



STOCK

(\$20,000 FMV / \$10,000 cost basis)

What is the purchasing power of each asset?

\$20,000

\$17,620

After -\$2,380 in capital gains tax and Medicare surtax

If donated, how much does the charity receive?

\$20,000

\$20,000

Income tax savings
35% tax bracket

Donating post-
sale proceeds

\$17,620

Income tax
deduction

\$6,167

Income tax savings

Donating the
stock directly

\$20,000

Income tax
deduction

\$7,000

Income tax savings

vs.

Greater tax deduction, greater contribution

This is a hypothetical example for illustrative purposes only. The chart assumes that the donor is in the 35% federal income bracket and will itemize deductions. State and local taxes and the federal alternative minimum tax are not taken into account. Please consult your tax advisor regarding your specific legal and tax situation. Information herein is not legal or tax advice. Assumes all realized gains are subject to the maximum federal long-term capital gains tax rate of 20% and the Medicare surtax of 3.8%.

Planning opportunities for charitable giving



Can't surpass the standard deduction threshold



Owes capital gains taxes on appreciated assets



Will experience a high-income year



Owens non-publicly traded assets (cryptocurrency, private stock)



Retirement or legacy planning



Rebalancing portfolio



Uses another charitable vehicle



Planning a business exit

Case studies: Bringing it to life



Case study: Non-itemizers

How can donors benefit from a charitable deduction if they can't surpass the standard deduction?



Scenario:

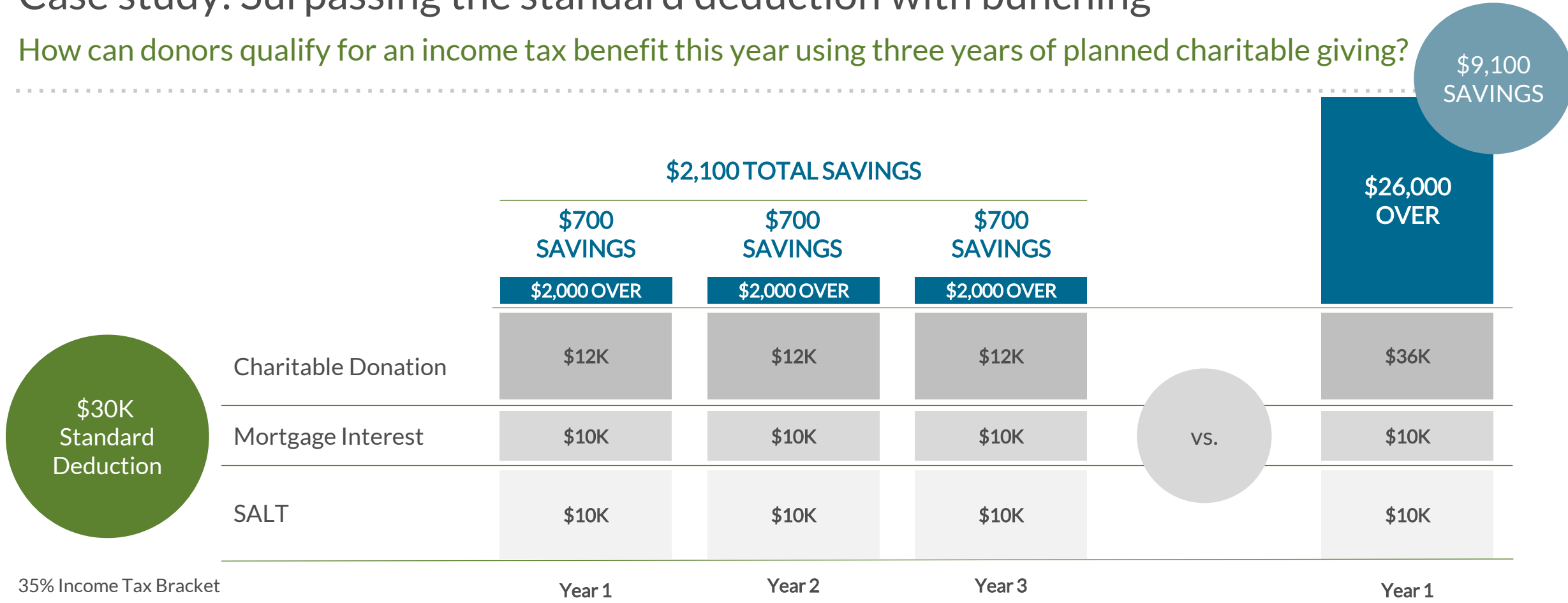
- MFJ couple with income of \$80,000 in the 22% tax bracket
- Typically donate around \$2,000 each year
- Itemized deductions outside of charitable contributions equal \$22,000
- Has long-term appreciated securities valued at \$2,000
 - Cost basis of \$1,000

Charitable strategies:

- Donate their long-term highly appreciated securities instead of cash
 - Potentially minimizes capital gains liability
- Support this strategy with a donor-advised fund
 - Continue to give the same amount to charities for years to come
 - Could potentially give more with any potential investment gains

Case study: Surpassing the standard deduction with bunching

How can donors qualify for an income tax benefit this year using three years of planned charitable giving?



\$7,000* MORE SAVED

This is a hypothetical example for illustrative purposes only. This chart assumes a married filing jointly couple who contribute a cash gift. The tax savings referenced here are specific to the charitable donation made above the \$30,000 standard deduction. Information herein is not legal or tax advice. *As with any tax planning strategy, there may be additional considerations that pertain to your client's personal situation. Other strategies may provide more flexibility and similar savings. Please consult your tax advisor.

Case study: High-income year

How can donors reduce their income tax during a windfall year while potentially minimizing capital gains taxes?

Potential scenarios:

- Roth conversion
- Vesting company stock from equity compensation
- Deferred compensation
- Portfolio transition

Planning opportunities:

- Donate in the year that it counts most to potentially reduce a portion of the higher income tax bill
- Donate long-term appreciated securities in order to potentially minimize capital gains liability
 - Could help reduce exposure to a concentrated position
 - Could help transition portfolio to lower risk profile
- Support these strategies with a donor-advised fund

Case study: Preparing a post-retirement legacy of giving

How can pre-retirees continue their giving habits after their income changes?



Opportunities:

- 5-10 years away from retirement
- Concentrated portfolio of company shares
- Wants to continue (or increase) giving during retirement

Charitable strategies:

- Continue to leverage low basis, vested company shares to potentially offset income taxes
- Frontload giving using a donor-advised fund to create a ready reserve for giving during retirement
 - Potential to give even more through investment gains
- Engage family and children through philanthropy

Understanding the donor-advised fund



The Giving Account[®]

A simple, flexible, and tax-smart way to give to charity



GIVE

Make an irrevocable charitable contribution & qualify for a tax deduction



GROW

Invest the balance for potential tax-free growth



GRANT

Recommend grants to IRS-qualified charities



352,000+

Donors

433,000+

Nonprofits supported

\$100B+

Granted to nonprofits¹

We make charitable giving accessible, simple, and effective

¹ From Fidelity Charitable inception in 1991 through December 31, 2024

Making your giving cost effective

What it costs

The Fidelity Charitable Giving Account has no initial minimum requirement or balance to maintain. It also has one of the lowest administrative fees of any donor-advised fund.

MINIMUMS:

No minimum Initial contribution required	No minimum For additional contributions	\$50 Minimum grant to charity
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INVESTMENT FEES*:

0.015% to 0.91%

ADMINISTRATIVE FEE*:

First \$500,000	\$100 or 0.60% (whichever is greater)
Next \$500,000	0.30%
Next \$1,500,000	0.20%
Next \$2,499,999	0.15%

**Administrative fees are based only on the Giving Account balance itself. Investment fees will vary depending on how the Giving Account balance is allocated. Investment fee range shown is as of March 2025.*

Next steps



www.fidelitycharitable.org



1-800-262-6039



Ready to get started?

Scan the QR code to open a
Giving Account



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