2021 Year-End Giving

Donor Advised Fund

Normally, to be treated as a gift to public charity, gratuitous transfers have to be made irrevocably with "no strings attached", i.e., entirely relinquishing control. One of the main upsides of giving to public charities is that such gifts qualify for highest current income tax deduction limits (up to 60% of the donor's adjusted gross income).

When donors don't want to relinquish so much control immediately, but instead want to retain the power to decide which charities will receive grants from year to year, they often create Private Foundations. These entities offer this added control at a price, however, as they carry extra administrative burdens and permit lower current income tax deductions (up to only 30% of the donor's adjusted gross income).

For example: A donor gives $1 million in cash to a Donor-Advised Fund investment pool. The donor is in the 40% tax bracket (combined federal and state) and receives a tax deduction of $400,000. The net cost equals to $600,000. That $1 million is invested and earns 7.5% ($75,000). The donor-advised fund uses the growth to issue 3 grants of $25,000 each to three separate charities.

IRA Qualified Charitable Distribution (QCD)

The Cares Act suspension of required minimum distribution (RMD) has NOT been extended into 2021. The new RMD age is 72; however, if you are 70 ½ and older, you can make tax-free donations (up to $100,000) directly from your IRA to a qualified charitable organization. The gift will count as part of the IRA owner's required minimum distribution (RMD) for the year, but it is not included in the taxpayer's adjusted gross income.

This can be a great way to avoid having to pay taxes on your RMD and support your favorite charity. Additionally, you will receive a tax break even if you don't itemize your deductions.

To qualify, the donation of IRA assets must be made directly to a charity, not a donor-advised fund or grant-making foundation. The assets must be transferred directly to the charity from the IRA custodian, such as a bank or mutual fund. Donations must be made by December 31st of the qualifying year.

For Further Information

This brochure is only a short introduction to some of the best 2021 year-end gift opportunities. Be sure to check with your accountant or other tax advisor for additional information on how these general rules apply to your situation.

We would be happy to provide you with additional information. Thank you for your support at year-end and throughout the year!

2021 Year-End Giving Ideas

DOLPHIN SCHOLARSHIP FOUNDATION
SINCE 1960 - FATHOM THAT!

Dolphin Scholarship Foundation
4966 Euclid Road, Suite 109
Virginia Beach, VA 23462
www.dolphinscholarship.org
757-671-3200
Tax ID: 54-6038828

2021 Year-End Giving

Year-end giving is as simple as making a charitable gift and saving on your taxes. We'd like to make it even easier by sharing with you some of the best ways to save...and give.

Giving is much more than charitable deductions and tax brackets. Philanthropy provides a difference in what we can do. It is about thought, deliberation, going beyond what is expected, and becoming involved in the worldwide community. Philanthropy is about your charitable gifts reflecting your hopes for a better world.

CARES Act

The **Coronavirus, Aid, Relief and Economic Security (CARES) Act** was signed into law on March 27, 2020 and extended for the 2021 tax year. It allows taxpayers who do not itemize to take an above the line deduction from their gross income of up to **$300 ($600 if married filing jointly)** for 2020/21. For taxpayers who itemize their deductions, the **60%** of adjusted gross income limit for charitable giving is suspended for 2020/21. For corporations, the limit on charitable contributions has increased from **10% to 25%** of taxable income for 2020/21.

Gifts of Cash

There is no easier way to reap a charitable deduction for 2021, and support us at the same time, than by simply writing a check. Making a donation by writing a check is still the most common form of philanthropy in the world. It is relatively simple and certainly very direct.

When sending in a check, make sure your envelope is postmarked by December 31. Your gift will qualify as a 2021 gift even if it is not received by us until the first week of 2021.

Your Guide...

Gifts of Stock

Gifting appreciated stock is one of the MOST effective means of tax savings available.

The benefits of gifting appreciated stock are three-fold. First, you have the satisfaction of knowing your money is invested in a cause important to you. Second, you avoid paying any capital gains tax. Third, you will be eligible to receive an income tax charitable deduction for the FULL fair-market-value of the stock at the time of the gift. Your gift of appreciated stock is fully deductible up to 30% of your adjusted gross income, with an additional five-year carry forward.

The chart below shows the tax savings of donating securities versus a cash gift. It assumes you wish to donate shares of stock worth $10,000 that you purchased for $2,000 several years ago with income tax savings at 35% and a 15% tax rate on an $8,000 gain.

	Donate appreciated securities	**Donate $10,000 cash**	**Sell securities & donate cash**
Charitable	$10,000	$10,000	$3,500
Income tax savings	$3,500	$3,500	$3,500
Capital gains tax paid	$1,200 Saved	N/A	$1,200 paid
Net tax savings	$4,700	$3,500	$2, 300

To Tax Advantages

Endowed Scholarships

A great way to take advantage of the charitable income tax deduction reduce estate taxes is through the DSF Scholarship Endowment Program.

A gift of $87,500 or more can establish an endowed scholarship, to be named as the donor desires, for perpetuity.

The scholarship endowment can be made in one lump sum or a period of up to 4 years.

For more information on the DSF Endowed Scholarship program, please contact the executive director at execdirector@dolphinscholarship.org

Gifts of Life Insurance

If you own a life insurance policy that is no longer needed, consider it as a 2021 year-end charitable gift.

To receive a charitable deduction, name the charity as both the owner and beneficiary of the policy. If the policy has a cash value, you can take a charitable deduction approximately equal to the cash value.

In addition, if you are continuing to pay annual premiums, those premiums will become tax deductible each year.

You can also assign all annual dividends to charity. This eliminates out-of-pocket contributions, yet still creates a deduction as dividends are paid.