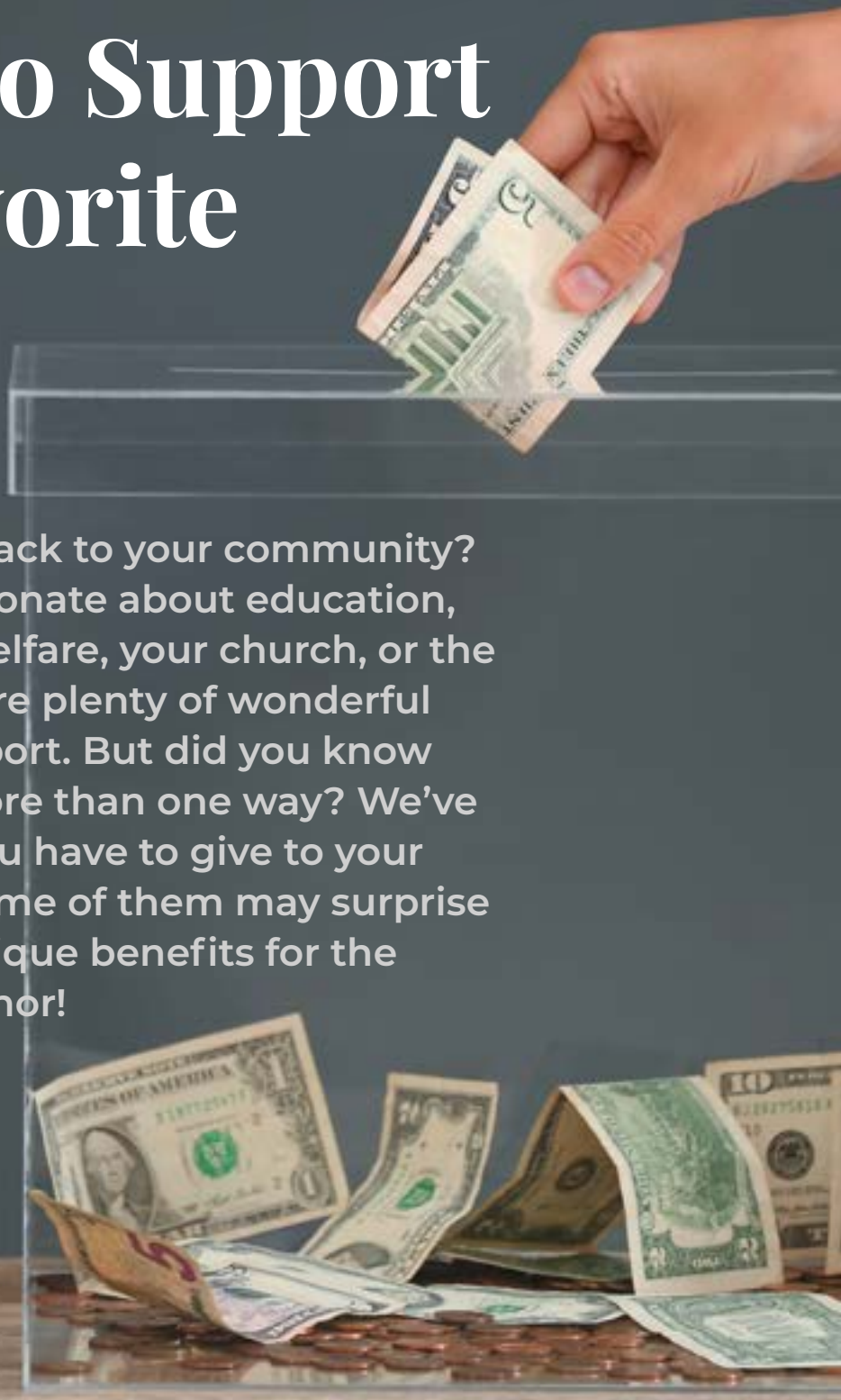
There's More Than One Way to Donate:

11 Ways to Support Your Favorite Charity



Looking for ways to make a difference and give back to your community? Whether you're passionate about education, healthcare, animal welfare, your church, or the environment, there are plenty of wonderful organizations to support. But did you know you can donate in more than one way? We've outlined 11 options you have to give to your favorite nonprofit. Some of them may surprise you, and each has unique benefits for the nonprofit and the donor!

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Cash or Credit Card

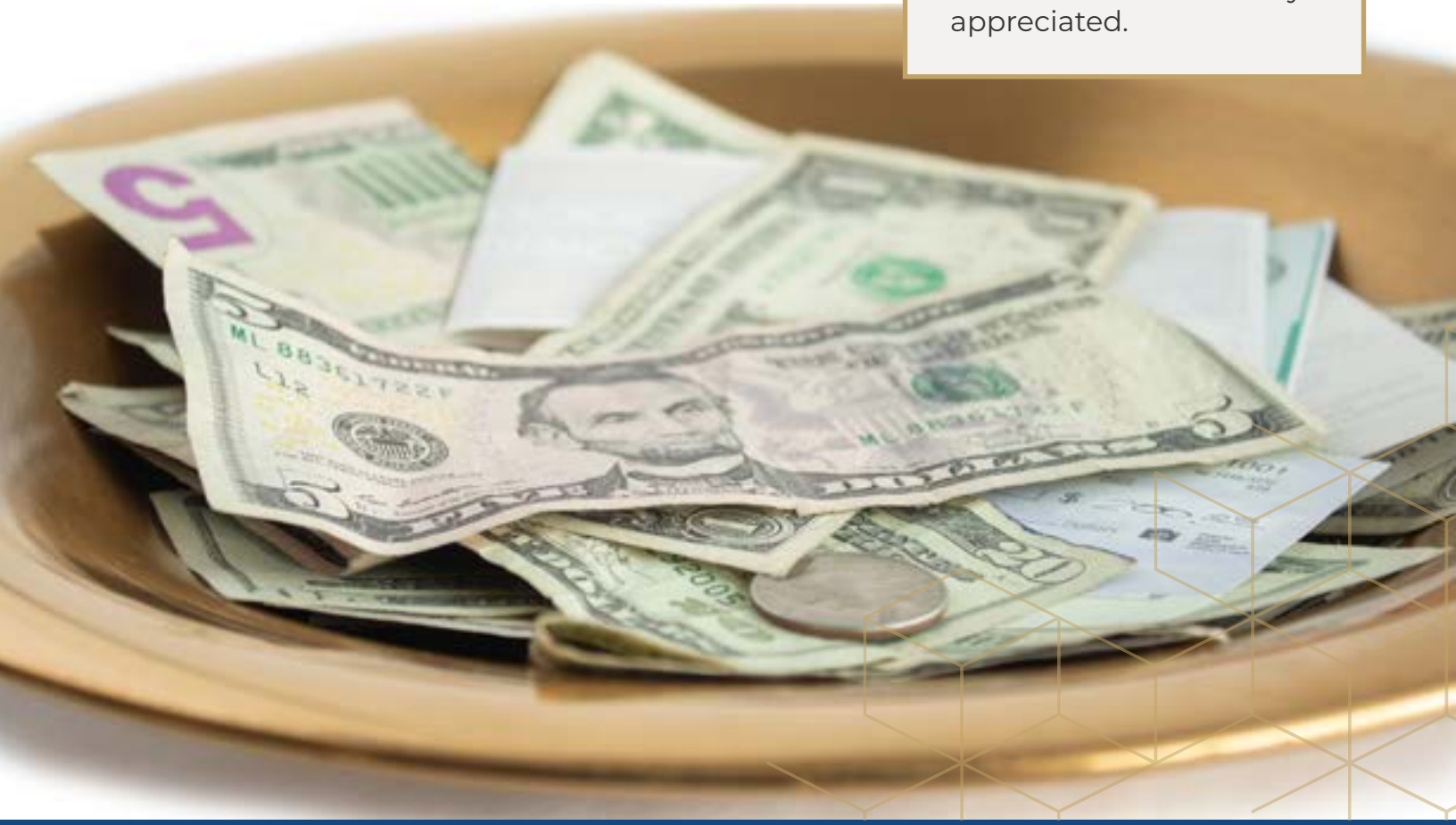
The easiest and most common way to give is by donating cash. Cash gifts are both needed and appreciated! After all, many small donations make a big difference.

Donating cash is a simple and convenient way to give. This method of payment is widely accepted by nonprofits, and it's normally easy to make a donation online or in person. These donations are tax deductible when made to a registered nonprofit and proper documentation is obtained.

Overall, cash, credit cards, or checks are great options to donate to your favorite charity because they are convenient, secure, and provide a clear record of your donation. It also offers flexibility and potential tax benefits for the donor.

Keep In Mind

When donating on credit cards, nonprofits are responsible for paying credit card fees. These add up! If possible and convenient, try to give cash or check. This isn't always possible, however, and a credit card donation is still very appreciated.



Stocks & Securities

You may have heard about billionaire Jack Dorsey pledging to donate $1 billion worth of stock in his company Square, or Elon Musk donating nearly $6 billion in shares of Tesla to a nonprofit. These headlines piqued the interest of donors and nonprofits alike, many of whom didn't realize this was even a possibility.

Not taking advantage of this unique giving option means donors are losing out on tax rewards, while nonprofits are receiving smaller donations.



Benefits of Donating Stocks & Securities

Tax Advantages: Donating appreciated stocks and securities can provide significant tax benefits to the donor and nonprofit alike. **When you donate appreciated assets, the donor can generally claim a charitable deduction for the full market value of the assets and avoid paying capital gains taxes on the appreciation,** meaning the donor saves on taxes and the organization gets a larger donation!

Many donors have appreciated common stock. Simply selling the stock would require paying tax on the sale. Instead, why not donate a portion of your appreciated stock, giving you a taxable deduction for the gift?

Some donors may want to take advantage of the benefits of donating stock, but want to keep their portfolio the same. To do so, individuals donate their appreciated stocks, claim the tax benefits, and then repurchase the shares the same day. When the stock is repurchased, they essentially reset their purchase price at the current value to decrease their future capital gains.

Although it's not a typical strategy, donors could donate a security that's lost value and then repurchase it, without being subject to the wash sale rule—a regulation preventing you from selling a security at a loss and repurchasing it within 30 days. This approach, however, forgoes the tax benefit of deducting capital gains that comes with donating appreciated securities.





How can an individual donate stock to their favorite charity?

1. The donor should contact their financial advisor and let them know they want to make a stock gift. The financial advisor will help figure out what security makes the most sense for that specific portfolio.

2. The donor then should contact the charity to let them know they intend to make a gift. The nonprofit will walk the donor through the process of transferring the stocks, which is normally done between the nonprofit and financial advisor by obtaining account information.

3. Make the transfer! The securities will transfer to the nonprofit and the donor receives the tax advantages.

Overall, donating stocks and securities can be a great way to support a favorite charity while providing significant tax benefits and high impact. However, it's important to consult with a financial advisor or tax professional to ensure that the donation aligns with the necessary financial goals and objectives.



Donor-Advised Funds (DAF)

A donor-advised fund is a charitable giving account that is established and managed by a sponsoring organization, such as a community foundation or financial services company. Donors can contribute to the fund and then recommend grants to their preferred charities from the fund's assets.

The sponsoring organization handles all administrative duties, including managing investments, making grants, and ensuring compliance with tax laws. *Donors can receive an immediate tax deduction for their contributions the moment they donate to the fund, even if all of the fund isn't dispersed to charities at that time.*

Over time, the donor can recommend grants to their favorite charities that are taken from the fund and given to the charity. Donor-advised funds offer a convenient and tax-efficient way for individuals, families, and businesses to support charitable causes.

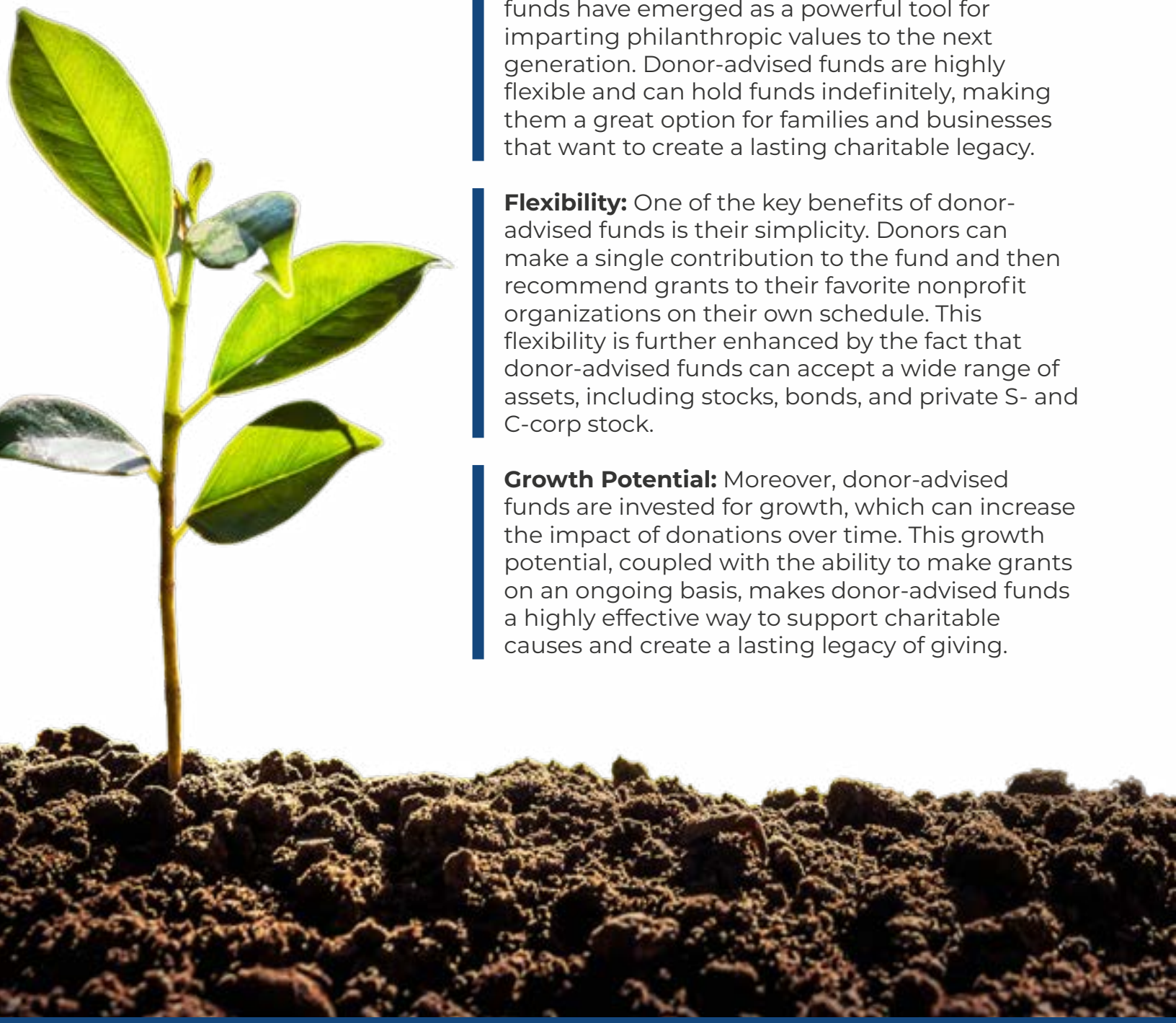
Benefits of DAFs

Tax Advantages: The tax advantages offered by donor-advised funds can be substantial, with deductions of up to 50% of adjusted gross income being possible. The tax deduction is recognized in the year the money was transferred to the fund, not the year it is given to the charity.

Including the Next Generation: Donor-advised funds have emerged as a powerful tool for imparting philanthropic values to the next generation. Donor-advised funds are highly flexible and can hold funds indefinitely, making them a great option for families and businesses that want to create a lasting charitable legacy.

Flexibility: One of the key benefits of donor-advised funds is their simplicity. Donors can make a single contribution to the fund and then recommend grants to their favorite nonprofit organizations on their own schedule. This flexibility is further enhanced by the fact that donor-advised funds can accept a wide range of assets, including stocks, bonds, and private S- and C-corp stock.

Growth Potential: Moreover, donor-advised funds are invested for growth, which can increase the impact of donations over time. This growth potential, coupled with the ability to make grants on an ongoing basis, makes donor-advised funds a highly effective way to support charitable causes and create a lasting legacy of giving.



How do I set up a DAF?



1. Research and choose a sponsor organization that offers donor-advised funds. Some of the popular sponsor organizations are Fidelity Charitable, Schwab Charitable, Vanguard Charitable, National Philanthropic Trust and community foundations.
2. Complete their application process by providing the necessary paperwork and information.
3. Choose where you would like the fund invested and make a contribution to the fund.
4. Recommend grants from the fund by identifying nonprofit organizations to support. The sponsoring organization will then make a grant in the amount you recommended from the fund.

Setting up a donor-advised fund can be a great option to donate to your favorite charity because it is simple, tax-efficient, and flexible. It can also provide investment growth and a lasting legacy of charitable giving. However, it's important to research the fund provider's policies and fees before setting up a donor-advised fund.

Keep In Mind

While many donor-advised funds offer needed support for good causes, there are a few key points to note. One downside of DAFs is there is no requirement that the funds need to be gifted in a certain timeframe. Because the donor receives the tax write-off when the DAF is created, there is no tax incentive to actually donate the money to a registered nonprofit. Critics argue this can result in a buildup of unspent charitable funds and that DAFs can be used as a tax shelter.

Another concern is sponsoring organizations that manage DAFs have significant control over the distribution of funds, which some argue can result in a lack of transparency and accountability. The donor can recommend grants go to a specific charity in a designated amount. However, the sponsoring organization isn't legally required to abide by the wishes of the donor.



Employer Match

When an employee makes a donation, some companies will match their employee's donation by making their own donation. Win! Win! That means the donor has double the impact!

Benefits of Employer Matching Programs

Increased Impact: If an employer chooses to match their employees' charitable contributions to eligible nonprofit organizations, that results in double the impact for that nonprofit. This means the donation will go further, helping to serve the mission better.

Ease of Giving: Donating through an employer matching program is typically an easy and convenient process. You can usually make your donation through payroll deductions or online giving portals provided by your employer.

Support for Your Employer: By participating in an employer matching program, you are supporting your employer's commitment to corporate social responsibility and philanthropy. This can help build a sense of community and pride among employees.

Cost-Free Giving: Donating through an employer matching program is a cost-free way to support your favorite nonprofit organizations. Your employer is covering the cost of the match, so you can make a bigger impact without any additional financial burden.

How to find your employer match program

To find out if your employer has a matching giving program, reach out to your HR representative. They will have information on what qualifies, the matching ratio, and the submission process. Often, you will need to submit a receipt of the donation to verify, or you may be required to make the donation out of payroll deduction.

In some cases, the nonprofit will need to confirm the donation through an online portal. In these cases, it's best to give the nonprofit a heads-up by contacting its development department. That way, you know the match will make it through! Look on the nonprofit's website for somebody in the Development Department.



Qualified Charitable Distributions (QCD)

At a certain age, individuals are required to withdraw a set amount from their retirement account holdings each year, called Required Minimum Distributions (RMD). If the RMD is not met, the amount not withdrawn will be taxed at a significantly higher rate.

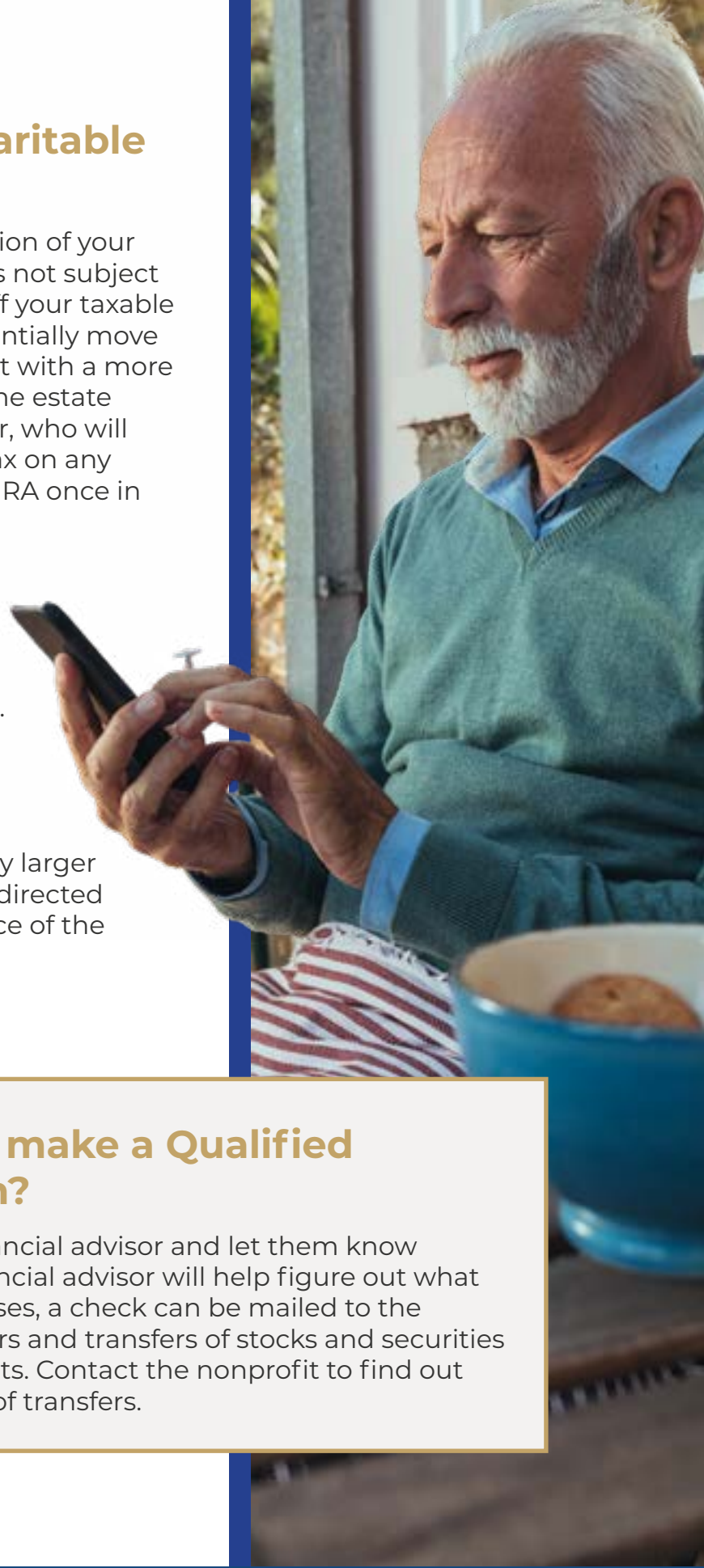
However, some individuals may not need or want to withdraw money from the fund. In addition, the money withdrawn is considered taxable income, and therefore, can increase your tax burden. Making a Qualified Charitable Distribution (QCD) from a qualifying retirement account can alleviate those burdens. A QCD can satisfy part of or all of the RMD for the year.

Benefits of Qualified Charitable Distributions

Tax Benefits: Donating all or a portion of your RMD directly to a qualified charity is not subject to income tax and can be written off your taxable income. The distribution could potentially move the taxpayer into a lower tax bracket with a more favorable tax rate. This also lowers the estate tax burden on the heirs of the donor, who will be responsible for paying income tax on any distributions they receive from the IRA once in their ownership.

Avoid Penalties and Fees: A QCD will satisfy the RMD for the year, avoiding penalties and increased taxes for not meeting the minimum distribution requirement.

Increased Impact: By donating through a QCD, you can make a significant impact on your favorite charity. These donations are typically larger than regular donations and can be directed towards a specific program or service of the donor's choice if requested.



How can an individual make a Qualified Charitable Distribution?

The donor should contact their financial advisor and let them know they want to make a QCD. The financial advisor will help figure out what the best process will be. In most cases, a check can be mailed to the organization. However, wire transfers and transfers of stocks and securities are also accepted by most nonprofits. Contact the nonprofit to find out their steps for making these types of transfers.



Planned Giving

Planned giving is a type of charitable donation that is made by making a commitment to a nonprofit organization at some point in the future, often as part of a person's estate plan.

Planned giving typically involves the use of legal and financial instruments such as wills, trusts, and life insurance policies to facilitate the charitable gift. The goal of planned giving is to ensure that the gift is structured in a way that maximizes its impact on the mission, while also benefiting the donor and their heirs.

Benefits of Planned Giving

Lasting Legacy: Planned giving allows donors to leave a lasting legacy by supporting causes they care about even after they pass away. This can provide a sense of fulfillment and make a significant impact on the community. *Oftentimes, donors are able to make a much more substantial gift after their life is over than they are able to in their lifetime*. This can help the organization continue its work and make a bigger difference in the community and world.

Tax Benefits: Charitable bequests can be tax-deductible, which can reduce the donor's estate taxes and lighten the tax burden on their heirs.

Flexibility: Planned giving offers a range of options for donors to choose from, including bequests, charitable trusts, and life insurance policies. This flexibility can help donors to tailor their giving to their individual goals and circumstances.

Involve Your Loved Ones: One unique benefit of planned giving is that it allows donors to involve their families in their philanthropy. By including family members in their giving plans, donors can pass on their values and help to instill a sense of generosity and community service in future generations.

How to make a planned gift?

Contact your estate or family lawyer to discuss the best planned gift options for you. If you don't have a will, there are websites like FreeWill that allow users to create a free legal will or estate plan and also encourage people to support nonprofits. Users can easily input the amount they want to give and choose the charity of their choice while creating their will.

Examples of planned giving include leaving a bequest in a will, creating a charitable trust, and donating a life insurance policy. If you are having to deal with the loss of a loved one, you can choose to direct donations toward a specific charity in their honor instead of receiving flowers. What a way to remember their legacy!



Corporate Sponsorships

Getting your company involved is a great way to support your favorite nonprofit. In a corporate sponsorship, the sponsoring company typically provides funding or resources to the organization in exchange for some branding, advertising, or promotional opportunities. This could include things like placing the sponsor's logo on promotional materials, giving them naming rights to an event or facility, or allowing them to host a booth or exhibit at an event.

Benefits of Corporate Sponsorships

Brand Visibility: Corporate sponsorships provide opportunities for companies to increase their brand visibility and reach new audiences through their association with a nonprofit organization. This can help companies to build brand awareness and establish themselves as socially responsible.

Positive Impact: Corporate sponsorships allow companies to make a positive impact in the community by supporting causes they care about. This can help to enhance their reputation and build goodwill with customers and employees.

Tax Benefits for Company: Corporate sponsorships can be tax-deductible, which can provide companies with tax benefits for their charitable giving.

Employee Engagement and Culture: One unique benefit of corporate sponsorships is the opportunity for companies to engage with their employees around shared values and causes. Sponsorships can provide opportunities for team-building, volunteering, and community engagement, which can help to strengthen employee engagement and retention.

How to make a corporate sponsorship donation

Most nonprofits have sponsorship opportunities available at all times. Reach out to your favorite nonprofit to have a discussion about your values and how you would like your company to be involved. Ask them what volunteer and education opportunities they have and what other ways you could partner and involve your employees. You may choose to sponsor a specific program or capital expense or could support their upcoming fundraising event. In that case, oftentimes tickets to the event are included, and you can bring your employees or favorite customers to show appreciation. It's a win-win!



Establish an Endowment

An endowment fund is a designated fund that is set up to provide sustainable, ongoing support for a charity's mission or programs. Generally, this is formed when a donor makes a large gift which is invested to generate a combination of income and growth. Each year, the interest accumulated is withdrawn, leaving the principal intact to continue growing.

Benefits of Establishing an Endowment Fund

Long-Term Support: Endowment funds provide long-term support for nonprofits, as they are invested to generate annual income that can be used to support the organization's programs and services. The goal is to keep the principal intact, allowing funds to be generated year after year. This can help to ensure the sustainability of the nonprofit and its ability to achieve its mission over the long term.

Lasting Legacy: Endowment funds allow donors to leave a lasting legacy by supporting causes they care about for generations to come. Funds can be directed to support strategic initiatives that align with the donor's values. This can provide a sense of fulfillment and make a significant impact on the community.

Tax Benefits: Donors who establish endowment funds can receive tax benefits, such as a charitable tax deduction for the amount of the gift and the ability to avoid capital gains taxes on appreciated assets.

Increased Impact: Endowment funds can help nonprofits to increase their impact by providing a stable source of funding for their programs and services. This can allow the nonprofit to focus on its mission and expand its reach over time.

How to establish an endowment fund

First, you will want to talk with your financial advisor to determine how much you would like to set aside for the endowment fund. Once decided, reach out to the nonprofit organization you want to make an impact on and have a conversation with them. Ask them what they need, their long-term goals, and how an endowment fund could best support those plans. Work with the organization and your financial advisor to set up the endowment fund and ensure the nonprofit has a plan to manage it. The donor and the organization should work together to create any restrictions or guidelines for using the funds.



Cryptocurrency

Cryptocurrency has become a popular form of investment over the past few years. As individuals found themselves with an increase in assets, some have used it to further their favorite mission. This innovative way of donating has many benefits and allows new generations to begin helping the causes they care about.

Benefits of Donating Cryptocurrency

Tax Benefits: Donors who donate cryptocurrency to a nonprofit can receive tax benefits, such as a charitable tax deduction for the fair market value of the cryptocurrency at the time of the donation. Additionally, donating cryptocurrency can help donors to avoid capital gains taxes on appreciated assets.

Fast and Secure: Cryptocurrency transactions are typically fast and secure, which can provide donors with a convenient and efficient way to make donations to their favorite charities.

Potential for Growth: One unique benefit of donating cryptocurrency donations is the potential for the value of the donation to increase over time. As cryptocurrency values can be volatile, this can provide nonprofits with an opportunity to generate additional revenue from the donation if they choose to keep it invested.

How to donate cryptocurrency

Identify the organization you would like to support and reach out to them to find out about their cryptocurrency donation process. Generally, you will obtain the organization's cryptocurrency wallet address and send the assets securely. You may need to provide additional information to the organization, such as where to send the receipt, what the fair market value at the time of donation is, or designation requests.



Royalties

Donated royalties refer to a type of charitable donation where an individual or organization assigns the rights to their intellectual property, such as royalties from a book, movie, or song, to a nonprofit organization. In doing so, they essentially transfer ownership of that intellectual property to the organization. This allows the nonprofit to collect all future income generated by the property and use it to support its programs and mission.

Benefits of Donating Royalties

Tax Benefits: Donors who donate royalties to a nonprofit can receive tax benefits, such as a charitable tax deduction for the value of the royalties donated. This can help donors to reduce their taxable income and potentially save on taxes.

Sustainable Revenue Stream: For nonprofits that receive ongoing royalties from books, music, or other creative works, the donation of those royalties can provide a sustainable revenue stream to support their mission and programs over time. A revenue stream that continues to flow is a dream come true for a nonprofit!

Increased Awareness: By donating royalties, donors can help to raise awareness for the nonprofit's cause or mission, as their name may be associated with the creative work that is generating the royalties. This can help to increase exposure and support for the nonprofit.

Flexibility: Royalty donations can offer flexibility in terms of the amount and frequency of the donation. Donors can choose to donate a portion or all of their royalties and can do so on a one-time or recurring basis.



How to donate royalties

Donating royalties can be a complex process, so it's important to work with legal and financial advisors to ensure the donation is structured in a way that maximizes the impact while also meeting the donor's goals and objectives.

Reward Points

Do you find yourself with a plethora of reward points such as credit card points, airline miles, or hotel points? These could be valuable to a nonprofit!



Examples of Ways Nonprofits Can Use Reward Points

- Hotel points to pay for a hotel for a family in need or send a staff member to a training they otherwise couldn't afford.
- Airline miles could be used as an auction item to generate thousands of dollars for the organization.
- Credit card points can be used to purchase needed items for programs or even new technology for their services to use.

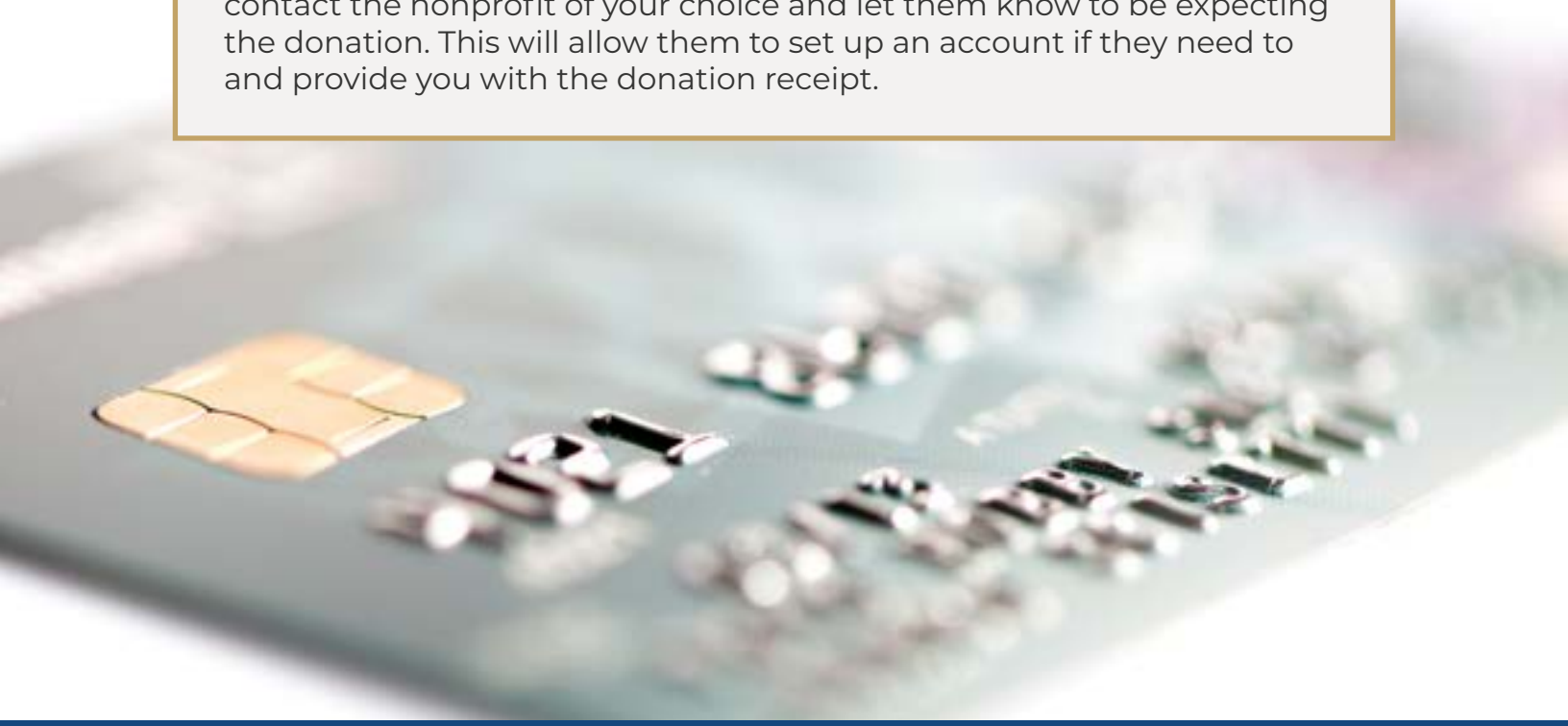
Benefits of Donating Reward Points

Cost-effective: In addition to qualifying as a charitable deduction on your taxes, donating reward points can be a cost-effective way for donors to support their favorite charities, as it allows them to give without spending any additional money out of pocket.

Easy to Donate: Many rewards programs and airlines have made it easy for donors to donate their points or miles to a charity of their choice, often through a simple online process. It is often very flexible, allowing you to choose how many points/miles you would like to donate.

How to donate reward points

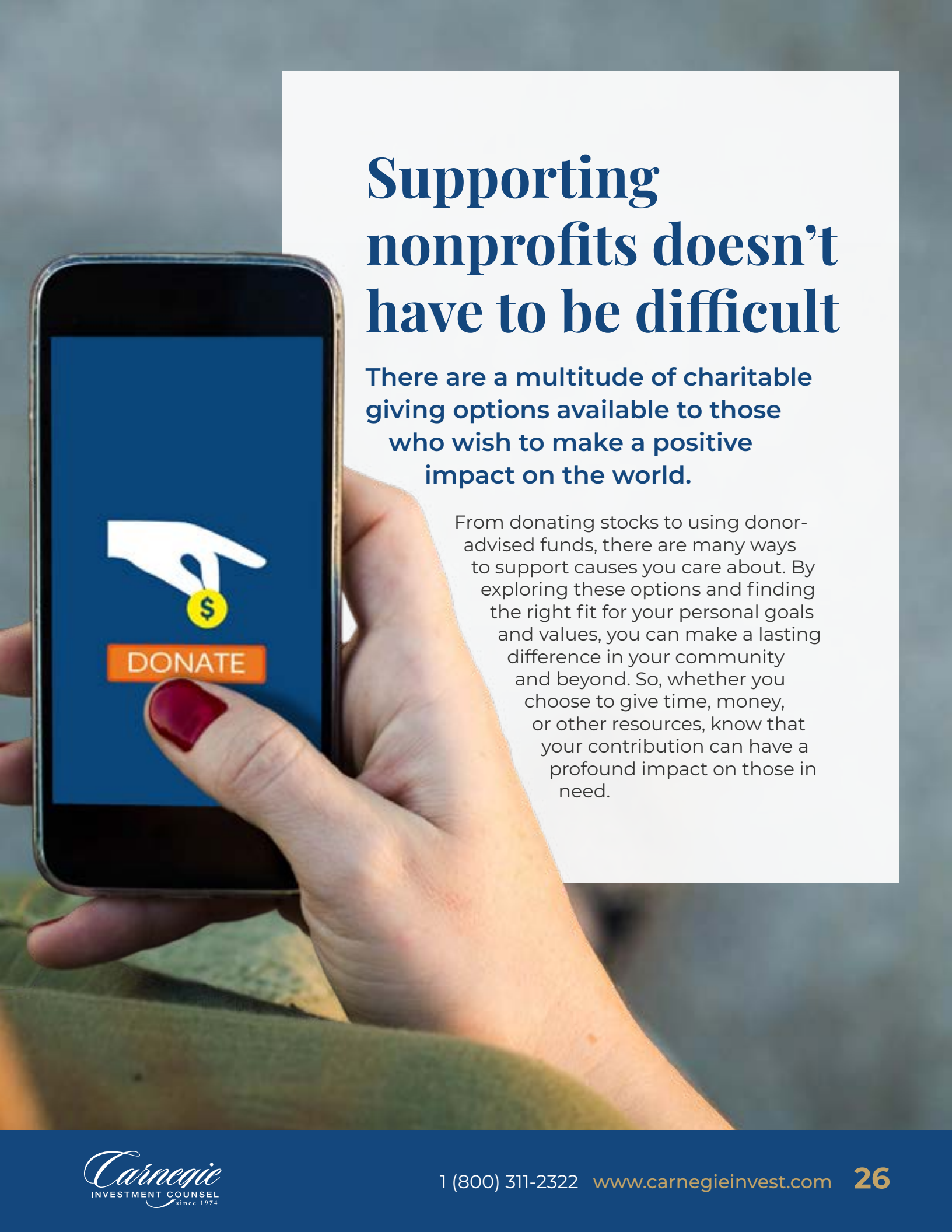
Log in to your rewards portal and do a search or find their FAQ page. They should have an article that explains how to donate the points, but you can also reach out to their customer service. Then you'll want to contact the nonprofit of your choice and let them know to be expecting the donation. This will allow them to set up an account if they need to and provide you with the donation receipt.



Supporting nonprofits doesn't have to be difficult

There are a multitude of charitable giving options available to those who wish to make a positive impact on the world.

From donating stocks to using donor-advised funds, there are many ways to support causes you care about. By exploring these options and finding the right fit for your personal goals and values, you can make a lasting difference in your community and beyond. So, whether you choose to give time, money, or other resources, know that your contribution can have a profound impact on those in need.



About Carnegie Investment Counsel

Carnegie Investment Counsel is a Registered Investment Adviser (RIA) providing personalized financial guidance to help you preserve and grow your wealth so you are freer to enjoy your life.

We understand the critical need to feel comfortable and confident in your financial strategy. We know because we want the same for ourselves and our families. We dedicate ample time to understanding your short- and long-term objectives. Then, we tailor-make an investment portfolio and financial plan aimed at your goals with an appropriate level of risk.

We serve Individuals, Families, Nonprofits and Business Owners.

Talk to a Nonprofit Investment Advisor Today

Our team is dedicated to helping you and your mission thrive. With more financial stability and resources comes greater options and possibilities. Our specialized nonprofit team is ready to partner with your leaders to develop a long-term customized investment strategy to satisfy core financial objectives today and far into the future.

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