Halliday Private Trust
Integrated Trust Solutions for Clients

Trust Connection

A Monthly Report of Trust News and Information

December 2017

Welcome to *Trust Connection*, our monthly newsletter highlighting Trust news and information. Each month we will feature timely articles of interest.

About Us

At Halliday Private Trust, it is our mission to assist our clients in the process of providing solutions, specifically through a wide range of financial advice.

Since 1982, we have utilized a full spectrum of financial services to help our clients navigate every major hurdle in their financial lives. Because we are an independent financial services firm, we utilize an open architecture approach to locating the most suitable investment options for our clients.

Our role is to help clients make smart decisions about their money. We understand that each client has unique needs and requires personalized solutions based on their goals, objectives and concerns.

Giving With Impact

It is important to understand the philanthropic landscape in order to give in a way that is beneficial to everyone involved. Making the most from gifts to those who have the least is a typical objective, and coordinating this goal with family legacy ties up the gifts with a bow, so to speak. This article will explore some of the ways to give, present pitfalls to avoid, as well as offer strategies to make the most of one's philanthropic endeavors.

In a recent Gallup poll, it was found the United States gives, per capita, more money annually to charity than any other country in the world. About 95 percent of that giving is by individuals through annual giving, their foundations, and their estates. Unfortunately, Americans often wait until the last minute to make their gifts and, as a result, sometimes do not get the biggest bang for their buck, or they make mistakes that cost them deductions.

To get the most from charitable giving, follow these eight tips from the IRS:

1. If your goal is a legitimate tax deduction, then you must be giving to a qualified organization. Also, you cannot deduct contributions made to specific individuals, political organizations and candidates. See IRS Publication 526, Charitable Contributions, for rules on what constitutes a qualified organization.
2. To deduct a charitable contribution, you must file Form 1040 and itemize deductions on Schedule A.
3. If you receive a benefit because of your contribution, such as merchandise, tickets to a ball game or other goods and services, then you can deduct only the amount that exceeds the fair market value of the benefit received.
4. Donations of stock or other non-cash property are usually valued at the fair market value of the property. Clothing and household items must generally be in good used condition or better to be deductible. Special rules apply to vehicle donations.
5. Fair market value is generally the price at which property would change hands between a willing buyer and a willing seller, neither having to buy or sell, and both having reasonable knowledge of all the relevant facts.
6. Regardless of the amount, to deduct a contribution of cash, check, or other monetary gift, you must maintain a bank record, payroll deduction records or a written communication from the organization containing the name of the organization, the date of the contribution and amount of the contribution. For text message donations, a telephone bill will meet the record-keeping requirement if it shows the name of the receiving organization, the date of the contribution, and the amount given.

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A LOCAL TRUST SOLUTION

Call us today at (800) 786-1598 to learn more about working with Halliday Private Trust.

For information and assistance, please feel free to contact one of our Trust Advisors:

- Michael F. Fleming, Esq.
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7. To claim a deduction for contributions of cash or property equaling $250 or more you must have a bank record, payroll deduction records or a written acknowledgment from the qualified organization showing the amount of the cash and a description of any property contributed, and whether the organization provided any goods or services in exchange for the gift. One document may satisfy both the written communication requirement for monetary gifts and the written acknowledgement requirement for all contributions of $250 or more. If your total deduction for all noncash contributions for the year is over $500, you must complete and attach IRS Form 8283, Noncash Charitable Contributions, to your return.
8. Taxpayers donating an item or a group of similar items valued at more than $5,000 must also complete Section B of Form 8283, which generally requires an appraisal by a qualified appraiser.

When some of these rules are overlooked, generous people can lose substantial tax advantages. In Alli v. Commissioner, the Allis lost a claimed $499,000 deduction because of a lack of substantiation by the taxpayer. In another recent case a $65 million deduction was disallowed for failure to substantiate the value of the gift. Qualified appraisals are required for large, in-kind gifts.

Large gifts such as these are often made through gifting assets in kind and/or through planned giving arrangements like charitable remainder trusts, private foundations or donor advised funds. Private foundations and donor advised funds can be great alternatives for donors with cash and securities to set aside money for charity irrevocably, thus receiving the deduction currently while having time to consider what charities should get the benefit of those funds. Private foundations and donor advised funds could also be used together in a variety of ways to optimize the impact of giving for both the charities and the family. One example of this is using a donor advised fund as the recipient of year-end gifts to give more time to consider the end user charity. They are also used strategically by families in helping to build and mentor family values with matching gifts, separate accounts for the children or grandchildren, and for “quiet” gifts when high-profile individuals are supporting causes that might be considered controversial.

Another technique often used to set a fixed gift to a favorite cause is buying a life insurance policy and naming the charity as beneficiary or even owner and beneficiary. In this case, the value of the policy and all future premiums paid by the donor are tax deductible.

There is seemingly no end to the generous nature of Americans, yet planning and execution is sometimes lacking. When planning for, or making, substantial charitable gifts, be sure to consult your tax advisor and financial advisor to get the biggest impact for the charity as well as your family.