UMPQUA Wealth Management

Live a better life

Charitable giving best practices

5 tips for ensuring outcomes match your intentions

Donating to the causes, organizations, and people you care about most should be an extraordinarily rewarding life experience. However, improper planning and poor execution can potentially lead to a disappointing outcome. Follow these tips to ensure your good deeds actually do go unpunished.

1 Research recipients

Don't just assume that the recipient of your charity will manage your contribution responsibly.

→ **Before making a contribution,** talk with the charity to learn about its accomplishments, goals and challenges. Such conversations will give you insight into how well the charity knows where it stands and where it plans to go.[1]

→ **If it's an educational institution,** consider how you'd like to see your contribution spent and what parameters you can place on use of the funds.

→ **If it's a charitable organization,** visit third-party websites or organizations that oversee rating the reputation and responsible financial management of these organizations (examples include charitynavigator.org and charitywatch.org, among many others).

2 Evaluate giving options

There are many ways to give to charity. While cash donations are most common, other types of contributions can make an even bigger impact. These include, but are not limited to:

- ✓ Appreciated stock you've held for more than a year
- ✓ Qualified Charitable Distributions (QCD) from an IRA
- ✓ Naming a charity or alma mater as a beneficiary on a life insurance policy
- ✓ Valuable items you own
- ✓ Donor-Advised Funds
- ✓ Charitable-focused trusts

Donating your **life insurance policy** to a charity generates current tax benefits

Plan taxes accordingly

Most people understand that they may qualify for straightforward tax deductions when they donate cash to certain qualifying charitable organizations, but each of the giving methods outlined in Tip 2, along with many others, comes with a mix of benefits and risks with regard to tax implications. Depending on what you're donating and to whom you're making your donation, your taxes could be impacted in myriad ways.

→ It's important to consult a tax professional before making any donations to ensure you leverage the benefits and avoid the risks.

Get organized

Are you donating **smaller amounts** on a **regular, continual basis**?

Are you donating one **large lump sum** to a **single recipient?**

Are you planning to donate after you pass away as part of **your estate?**

Regardless of your approach, make sure you have all of your legal and financial documents organized. Get receipts from your gifting recipients, keep files on all transactions, create a log of who you gave money to and when, and ensure all formal documentation is managed by the appropriate professionals, such as CPAs, estate planning attorneys, financial planners and beneficiaries.

Plan for the future

Even if you're simply planning one-time donations or making ongoing contributions to a cause you're passionate about, it's important to have a plan in place for your continued giving in the case of death or incapacitation.

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Work with your estate planning attorney, tax professionals, and wealth advisor to ensure your generosity continues in the manner you wish for the duration of time you want.

UMPQUA

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When you have needs, we have solutions.

Meeting with an Umpqua Wealth Advisor means getting your opinions heard. In addition to a custom-tailored, strategy-based approach, our goal is to give you more than just one option that offers both flexibility and support for everyone you care about. We're looking forward to our next conversation.

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Source: 1 Tips for Donors, Charity Navigator, "Five Steps to Informed Giving", https://www.charitynavigator.org/index.cfm?bay=content.view&cpid=4756

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