



# Community Foundation of Southern Indiana

## Year End Giving Tips 2019



**Planning on making an end-of-year contribution?**

**Outlined below are few things to remember as you start your year-end planning.**

### Matching Opportunity to Increase Your Impact

Thanks to a matching opportunity from Lilly Endowment Inc., the Community Foundation of Southern Indiana is offering a match for all qualifying contributions made to endowment funds between now and December 31, 2020, or as soon as the allocated matching funds are exhausted. You'll receive a \$2 match for every \$1 contributed when you make a gift to the Foundation's unrestricted Community Impact Fund. Or, add to or create your own endowment fund and receive a \$1 match for every \$2 contributed. Call or visit our website for details.

### Timing

If you are planning to make an end of year contribution to the Community Foundation, you should know that ordinarily, a charitable contribution is deductible in the year when it is made; and in general, a contribution is deemed "to be made" when the donated property is delivered to the charity. But for gifts made by check, stock, credit card or certain other means, special rules apply. If you want to be assured of a 2019 tax deduction for your gift, please be aware:

### Gifts by Check

The "Mailbox Rule" applies – a gift by check is complete when the check is mailed or otherwise unconditionally delivered to the charity (assuming that the check ultimately clears in due course). So please be sure that your envelope is postmarked on or before December 31, 2019. However, the same rationale does not apply to checks sent by overnight mail! If you send a contribution by check through private overnight delivery services, the gift date will be the day the charity receives the delivery, not the date it is mailed.

### Stocks

The gift date for a gift of stock depends on how you hold the security. In order to maximize tax advantages for a gift of long term appreciated securities, it is critically important that the securities themselves be transferred to the charity. If you sell the shares and give the proceeds to charity, you will be liable for capital gains tax on the sale.

- **Physical stock certificate:** If you hold physical stock certificates, you should sign a stock power (a legal form authorizing the transfer of ownership) for each certificate contributed and deliver the stock power and the unendorsed certificates to the charity. Although you may simply endorse the stock certificates themselves, for security reasons, it is preferable to use a stock power separate from the certificate because an endorsed certificate can be negotiated by anyone who is in possession of it. For this reason, if you want to

mail a gift of stock certificates, you should send the unendorsed certificates in one envelope and the signed stock powers in a separate envelope. A stock power can be obtained from most brokers or financial institutions. Care should be exercised to make certain the signature on the stock power is properly certified. The date of gift for a contribution of securities is the date the charity receives physical custody of the documents or, if mailed, the mailing date.

- **"DTC" or "book entry":** Instruct your broker to transfer the shares to the charity's account - DTC makes the appropriate entries to transfer ownership to the charity. The date of the gift for a DTC transfer is the date when the shares actually enter the charity's account, which usually happens within three days. For DTC instructions to make a stock gift to CFSI, please contact Melany Wessels as (812) 948-4662.
- **Mutual fund shares:** A gift of mutual fund shares is considered complete when the shares are received in the charity's account. The transfer of mutual funds as a charitable gift must be completed by the mutual fund company at the direction of the donor. Since each mutual fund company will have its own process, forms and procedures, it can take a significant amount of time to make a charitable gift of mutual funds. You should check with your mutual fund company soon for the appropriate process and the approximate timeframe if you are planning a year end contribution. Be sure that your mutual fund company understands that the shares themselves are transferred to charity and that shares are not to be sold with the proceeds forwarded to charity.

## **Gift by Credit Card**

A gift charged to a bank credit card is deemed to be made in the taxable year of the cardholder when the charge is made, not the year when the cardholder reimburses his or her bank. However, IRS guidance creates some uncertainty about the gift date if the gift is made in one calendar year and the transaction is posted in the following year (as might happen with a December 31 gift). You may want to plan ahead a few days if making a year end credit card donation to avoid this uncertainty.

## **IRA Charitable Rollover (Qualified Charitable Distributions or "QCD's")**

This popular giving technique has allowed IRA owners age 70 ½ or older to make a tax-free contribution of up to \$100,000 directly to a qualified charity from their IRA. The rollover distribution takes the place of required minimum distributions and avoids the income tax that would otherwise be owed on the funds taken out each year. The Community Foundation can accept IRA rollover distributions and help you accomplish more than you might have thought possible. Give us a call to find out more. 812-948-4662.

## **Questions?**

Please contact us at (812) 948-4662 if you have questions about the Community Foundation or need help with your year end giving. Need information on how to create or add to your fund with using your will, living trust, IRA, insurance beneficiary designation, or for a charitable remainder unitrust? We can help you do that as well.



\* Year end timing information compiled from R&R Newkirk, Charitable Giving Tax Service, and PG Calc