



PROFESSIONAL ADVISOR NEWSLETTER

MONTHLY NEWSLETTER

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**YOUR PARTNER IN STRATEGIC PHILANTHROPY PROFESSIONAL
ADVISORY SERVICES.** Empowering Financial Growth and Community Impact



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Starved Rock Country Community Foundation

 **GREETINGS FROM SRCCF!**

LATEST INSIGHTS; THE IMPACT ON CHARITABLE GIVING; PLANNING AHEAD IN 2025; AND HAPPY CLIENTS.

We hope your 2025 is off to a good start!

What a wonderful year-end to 2024, full of many opportunities to work with attorneys, CPAs, and financial advisors to help ensure that clients' charitable giving goals and tax-planning goals were achieved. We are honored to be your first call when the topic of charitable giving pops up in a client meeting.

Here's what's trending to kick off the new year and your work with clients who've made philanthropy an integral part of their lives:

–What a year it will be where tax policy is concerned! As advisors gear up for potential changes ushered in by a new administration, the SRCCF has your back. We'll keep you updated on legal developments that could impact the charitable strategies you recommend to clients. In the meantime, we are happy to share a quick refresher on what may be on the horizon in 2025.

–Budgeting is always a hot topic early in the year when it comes to all things money-related, and charitable giving is no exception. The SRCCF offers tips to help your clients think about adopting a year-long plan for charitable giving that can alleviate stress on both of you.

–Every attorney, CPA, and financial advisor wants clients to be happy! Did you know that talking about charitable giving can help make that happen? Consider our team to be an extension of your team to help structure charitable giving plans that meet your clients' philanthropic goals, giving everyone a lot to smile about.

As always, it is our honor and pleasure to work with you and your clients. Thank you for partnering with the Starved Rock Country Community Foundation. Wishing you a prosperous 2025!

Fran Brolley

SIFTING THROUGH IT: WHAT'S ON THE LEGISLATIVE MENU THAT COULD IMPACT CHARITABLE GIVING?

We all know that the new year and a new administration brings lots of potential change. So what is going on that you need to know about to serve your charitable clients?



At the top of the list of issues we're watching is what might happen with the Tax Cuts and Jobs Act (TCJA) of 2017. As a quick refresher, the TCJA introduced several changes that significantly impacted charitable giving in the United States. These changes are set to expire at the end of 2025, and their potential extension factors into charitable planning techniques.

You'll no doubt recall that the TCJA lowered individual income tax rates across the board, which in turn decreased the tax savings for each dollar donated, making charitable contributions slightly less attractive from a tax perspective. What's more, TCJA provisions nearly doubled the standard deduction. (In 2025, the standard deduction is \$15,000 for single filers and \$30,000 for a married couple filing jointly.) This increase led to a dramatic reduction in the number of taxpayers who itemized their deductions. As a result, fewer taxpayers could claim charitable deductions, potentially discouraging giving among those who previously itemized. Indeed, research estimated that U.S. charitable giving fell by about \$20 billion in 2018, the first year the TCJA was in effect.

In addition, the TCJA roughly doubled the estate tax exemption, which has reached \$13.99 million per person for 2025. The higher exemption has diluted purely tax-driven motivations for charitable giving among your wealthy clients. With fewer estates subject to tax, many advisors are working with a smaller pool of clients for whom charitable bequests are a useful technique for reducing taxable estates.

Naturally, tax policy plays a role in your clients' charitable giving behaviors, and certainly the giving behaviors following TCJA reflected tax policy's influence. Nevertheless, studies have shown that most donors are motivated by factors other than saving taxes. Reasons for giving include a sense of duty to give back to society, a desire to tackle inequality, personal passion for specific charitable causes, religious beliefs, and dedication to supporting those less fortunate. Your clients who give to charity benefit emotionally from their gifts, and of course they like knowing that they are helping

others and strengthening community ties. While tax benefits certainly are part of a client's decision-making process, they're likely a secondary consideration rather than the primary reason for giving. Indeed, even with tax benefits, your client will always end up with less money after making a charitable contribution, signaling that financial gain is not the main driver of philanthropy. Keep this in mind as tax developments unfold.

Despite the many unknowns, what we do know is that something will happen in 2025 that influences charitable planning. Although TJCA provisions are set to expire at the end of 2025, it's too soon to determine exactly how you should advise your clients about their charitable planning strategies. Note three potential outcomes of tax policy developments this year:

–If lawmakers extend the current TJCA provisions, existing patterns of charitable giving are likely to continue, with a potentially continued reduction in overall donations due to the higher standard deduction and estate tax incentives that motivate only ultra-affluent clients.

–If the TCJA's provisions expire without replacement, and the tax code reverts back to pre-TJCA rules, it could lead to an increase in charitable giving as more taxpayers return to itemizing deductions and face higher marginal tax rates. Plus, a lower estate tax exemption would create a strong incentive for more of your clients to pursue lifetime and legacy gifts to charity to reduce taxable estates.

–New tax legislation could introduce different incentives for charitable giving. For example, the proposed Charitable Act aims to create a universal charitable deduction, which could encourage giving across all income levels.

Of course, we'll keep you posted! In the meantime, please reach out to strategize about individual client situations. We are here to help you structure charitable plans to empower clients to achieve their philanthropic goals, with or without a tax deduction.

PLAYING THE LONG GAME: ENCOURAGING YOUR CLIENTS TO PLAN AHEAD IN 2025

Your clients (and you!) may still be recovering from a hectic end to 2024, but don't let that stop you from helping families get a jump on their charitable planning for 2025.

As compelling as year-end giving may be, perhaps even more compelling are the reasons for planning and launching a charitable giving strategy early in the year—even in January. Benefits of a year-long giving strategy include:



- Helping nonprofit organizations meet their budgets all year long, which can save them from worrying as much about whether constituents' ongoing needs can be addressed.
- Leveraging employer matching gifts programs early in the year when dollars are available and there is plenty of time to process the paperwork.
- Increasing predictability of cash flow and therefore being proactive, not reactive, in supporting the causes your clients love. Your clients might even consider setting up automatic contributions to their donor-advised or other types of funds at the SRCCF to formalize this component as part of an ongoing plan.
- Taking advantage of plenty of time to learn more about the charities a client plans to support so that a client can be an even more informed and impactful donor, including fully utilizing our expertise and resources.
- Giving the client (and you) time to include children and grandchildren in the charitable giving conversation and tax-planning structures as a learning experience for the whole family.
- If your client is over 70 ½, being able to avoid the year-end scramble to process a Qualified Charitable Distribution (QCD) from an IRA directly to an eligible charity, such as an unrestricted or field-of-interest fund at the SRCCF by executing a QCD in the first quarter.
- Leaving enough time to explore options for more complex giving techniques, such as gifts of closely-held business interests or charitable remainder trusts, that might provide tax benefits as well as meet a client's charitable goals, rather than waiting until the last minute when it may be hard for everyone to coordinate calendars.

As always, we are here to help. Please reach out to our team to learn more about how your clients can make the biggest difference with their charitable dollars, and how the SRCCF team can help you ensure that your clients are able to fully carry out their charitable wishes for 2025. You and your clients will both be glad you planned ahead to help favorite organizations fulfill their missions throughout the entire year, as well as maximizing tax benefits and avoiding December's crunch time.

WANT HAPPY CLIENTS? TALK ABOUT CHARITABLE GIVING.



Over the years, more than a handful of attorneys, CPAs, and financial advisors have shared with us their happiest clients seem to be those who've incorporated charitable giving into their estate and financial plans.

Whether or not you believe this phenomenon is a “chicken or the egg” dilemma, it’s hard to dispute that philanthropy offers both emotional and rational upsides to your clients. Advisors who lean into these benefits stand a strong chance of being viewed by their clients as effective, impactful, and delivering well-rounded services to improve clients’ lives and give them peace of mind.

Despite these advantages, many advisors lack confidence in discussing philanthropy with clients. A survey found that only 5% of advisors felt “very confident” in this area, with 72% not including philanthropy in their initial fact-finding conversation with clients. This gap represents a significant opportunity for advisors to enhance their services and strengthen client relationships through philanthropic discussions.

Keeping clients loyal and engaged with your services is just one of many reasons to talk with clients about charitable giving. A recent Wall Street Journal article sheds light on the ways charitable giving can have positive effects on both mental and physical health.

NOTABLY, THE ARTICLE MAKES THESE POINTS:

- Donating to charity can lead to improved mood, lower blood pressure, and potentially a longer life.
- The act of giving may trigger a release of serotonin and dopamine, hormones associated with happiness, while reducing cortisol levels.
- Brain scientists and economists have conducted studies supporting these health benefits of charitable acts.
- Research suggests that the positive feelings associated with giving may contribute to these health improvements.

The article implies that engaging in charitable activities could be a way to enhance overall well-being, suggesting that generosity might have tangible benefits beyond just helping others.


Of course, not every client will have exactly the same experience with charitable giving, and of course, charitable giving is above all primarily motivated by a client's desire to help others rather than solely for personal benefit. Still, it's critical for advisors to be aware of the unique role charitable giving can play in a client's life.

Our team at the Starved Rock Country Community Foundation is here for you! Please reach out anytime you are working with a client who is charitably-inclined. Our professional staff can help navigate both the tax planning complexities as well as the emotional side of giving to ensure that your clients achieve their financial goals as well as their goals for making a difference.

**STARVED ROCK COUNTRY
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*Connecting People Who Care
With Causes That Matter*

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The team at the SRCCF community is honored to serve as a resource and sounding board as you build your charitable plans and pursue your philanthropic objectives for making a difference in the community. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice. Please consult your tax or legal advisor to learn how this information might apply to your own situation.

**THANK YOU FOR THE OPPORTUNITY
TO WORK TOGETHER!**

