



PROFESSIONAL ADVISOR NEWSLETTER

MONTHLY NEWSLETTER

AUGUST 2025 TRENDING TOPIC 2

**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!

WE'RE HERE FOR YOU - AUGUST 2025 TRENDING TOPICS 2

Hello from the Starved Rock Country Community Foundation!

We appreciate the opportunity to work with so many attorneys, CPAs, and financial advisors as you counsel your clients about the most effective ways to make a difference in the community. We know that your clients are committed to their charitable giving plans that continue to improve the quality of life for everyone in our region.

Here are the last two Trending Topics for August 2025:

–How can you spot clients who may prefer to keep all, or some, of their charitable gifts

anonymous? Check out three sentiments commonly expressed by clients who would like to structure their philanthropy to remain under the radar. We are happy to help.

–Buying artwork is on the rise among young professionals. Take a quick look at the tax dynamics and decisions involved when a client wants to use their artwork to support favorite charities. With gifts of artwork on the IRS's radar recently, you'll want to be prepared for client questions.

01

QUIET TYPES: SPOTTING CLIENTS WHO PREFER TO GIVE ANONYMOUSLY.

As you hold conversations about charitable giving with your clients, one important question often arises: How would your clients like their giving to be acknowledged and recognized?



Based on each client's unique goals, the desired level of recognition may vary. While most donors choose to give publicly, there are many situations where donors prefer to give anonymously. Keep an eye out for the following client sentiments:

"WE DON'T WANT TO GET A TON OF REQUESTS FOR CHARITABLE GIFTS. IT'S OVERWHELMING AND IT MAKES US FEEL BAD THAT WE CAN'T DO IT ALL."

In today's challenging economic environment, understandably, nonprofits often increase outreach efforts to ask for support. Through a donor-advised fund at the SRCCF, your client can recommend the extent to which personal information is shared with recipient organizations. We can customize outgoing communications to grantee charities while also ensuring that your clients receive meaningful updates (such as thank you notes, impact reports, and success stories).

"WE DON'T WANT OUR COLLEAGUES, FRIENDS, AND EVEN SOME OF OUR FAMILY MEMBERS TO BE ABLE TO SEE HOW MUCH WE GIVE OR WHERE WE GIVE IT."

Some clients value privacy and choose to keep their giving and financial capacity under the radar. Donor-advised and other fund information remains highly confidential. Unlike private foundations, which require public reporting, donor-advised and other types of funds at the SRCCF can help keep donor identities, grantee identities, and fund balances private.

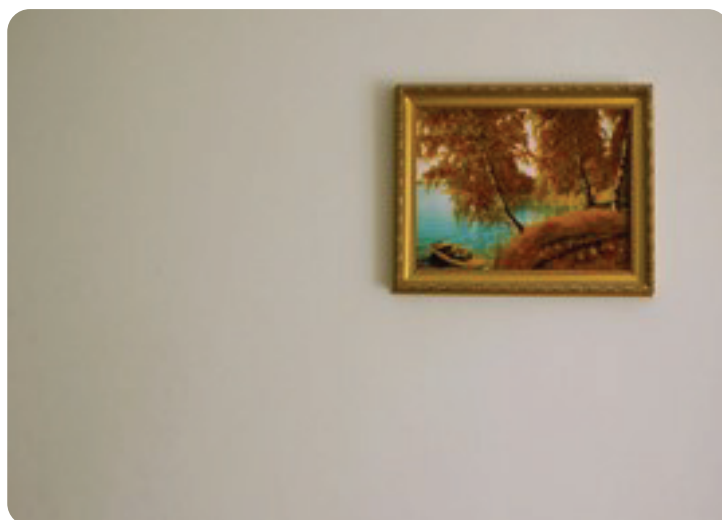
"WE WANT TO MAKE A BIG DIFFERENCE, BUT WE WANT TO DO IT WITHOUT DRAWING A LOT OF ATTENTION TO OURSELVES."

For some donors, charitable giving is about honoring a loved one or building a family legacy, rather than personal recognition. These donors may want to make grants in a different name—such as a family name or in memory of someone significant. Working with the community foundation, whether it's through a donor-advised or other type of fund, offers your clients a great deal of flexibility in how a family's gifts will be recognized. Your clients can choose which gifts they want to make public and which they want to keep anonymous.

02

GIFTS OF ARTWORK: WORTH A LOOK BUT BE CAREFUL.

If you've noticed a surprising uptick in recent years among your younger clients investing in artwork, it is not your imagination! A survey of 1,007 U.S. high net worth individuals (each with at least \$3 million in investable assets) found that 83% of respondents aged 43 and under said they currently own or would like to own art—compared with only 34% of those older than 43.



As you work with this subset of clients who are also charitably minded, you'll want to be generally aware of the rules surrounding gifts of artwork to charity. When handled appropriately, artwork donations can provide notable benefits for both your client and favorite causes. The process for these gifts, however, comes with unique complexities, ranging from a client's emotional attachment to the IRS's watchful eye on donations involving historically misvalued or fraudulent art gifts. Here are three ways to approach helping a client leverage an investment in artwork for charitable purposes:

THE CLIENT DONATES THE ARTWORK DIRECTLY TO A CHARITY FOR "RELATED USE."

If your client donates art held for more than one year directly to a museum or institution that uses it as part of its mission (for example, displaying the art in public collections or exhibitions), the charitable tax deduction can be based on the fair market value at the time of the gift, which could deliver a significant upside for your client. "Related use" rules are strict. The artwork must enhance or be central to the organization's mission. Donated pieces valued over \$500 require your client to file an IRS Form 8283, and gifts valued over \$5,000 also require a qualified appraisal. Note also that

if the charity sells the piece within three years of making the gift, the deduction could be retroactively reduced.

THE CLIENT GIVES THE ARTWORK TO A CHARITY FOR IT TO SELL.

If your client gives artwork to a charity that will sell the artwork rather than use it in programming, the deductible amount is limited to the lesser of the fair market value or the client's original cost basis. While the tax deduction might not be as high as the client would like, the advantage of this route is that it offers flexibility, both related to the recipient organization (such as a donor-advised fund at the SRCCF) as well as the use of the proceeds from the artwork's sale. Your client still must follow the IRS reporting and appraisal rules.

THE CLIENT SELLS THE ARTWORK AND THEN GIVES THE PROCEEDS TO CHARITY.

This is often an unattractive option from a tax perspective, but it is certainly an option, especially if maximizing a deduction is less critical than avoiding the complexities of gifting artwork. Although the cash gift will be eligible for a charitable tax deduction, the client will incur capital gains tax on the appreciated value of the art, reducing the net financial benefit of the gift.

As with any gift of hard-to-value assets, the best approach for donating artwork is highly dependent on the individual client's art collection, tax situation, and charitable goals. The SRCCF team is always happy to serve as a sounding board for charitable gifts of all kinds. Reach out any time. We are always here for you!

STARVED ROCK COUNTRY COMMUNITY FOUNDATION

*Connecting People Who Care
With Causes That Matter*

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The team at the community foundation 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!**

