



# PROFESSIONAL ADVISOR NEWSLETTER

MONTHLY NEWSLETTER

NOVEMBER 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 - NOVEMBER 2025 TRENDING TOPICS 2

As stated in our previous November newsletter, your clients are likely aware that many families are struggling right now, and some clients may ask for your advice about how they can help.

Whether increased community needs are triggered by a government shutdown that disrupts paychecks, services, and community programs, a natural disaster, or economic factors, the SRCCF is committed to working

alongside you and your clients to structure charitable giving plans that make a real difference in the lives of people in our region.

It is our honor to work with you and your charitably minded clients. Thank you for the opportunity!

01

**BREAD AND BUTTER STRATEGY: QCDS FOR CLIENTS 70½ AND OLDER**

**As the economic and legislative environment continues to evolve, advisors are sharpening every tool they have to help clients meet both their financial and charitable goals.**

Provisions enacted as part of the One Big Beautiful Bill Act (OBBBA) are prompting renewed focus on strategies that merge tax efficiency

with meaningful community impact. Among the most powerful tools in this space for clients age 70½ and older is the Qualified Charitable Distribution, or QCD.



IRA assets in the United States total nearly \$18 trillion, and the vast majority of your clients likely own at least one IRA. You're likely very aware that traditional IRAs are among the most heavily taxed assets for retirees because withdrawals are generally treated as ordinary income, often pushing retirees into higher tax brackets when they begin taking required minimum distributions at age 73. In addition, IRAs are fully includable in the owner's taxable estate, meaning heirs may face both estate taxes and income taxes when they inherit the account. This double layer of taxation can significantly erode the value of an IRA, making it one of the least tax-efficient assets to pass to beneficiaries compared to other holdings.

Against this backdrop, the QCD can come in very handy. A QCD allows an individual aged 70½ and older to give up to \$108,000 in 2025 directly from an IRA to an eligible charity. As a result, the QCD is a tax-savvy way for clients to fulfill charitable intentions while managing taxable income.

**HERE'S WHY QCDS ARE MORE IMPORTANT NOW THAN EVER:**

–Although the OBBBA doesn't directly change QCD rules, it's likely to make them even more relevant. The reason is that QCDs reduce adjusted gross income (AGI) rather than operating as an itemized deduction. That distinction is crucial because the OBBBA will continue to influence how many taxpayers itemize, particularly older adults.

–Because a QCD can count toward required minimum distributions (RMDs) without increasing taxable income, it provides a double benefit: supporting charitable organizations while helping to manage income-related Medicare surcharges (IRMAA) and preserving tax credits and deductions that phase out as AGI rises.

–Starting in 2026, under the OBBBA, the Internal Revenue Code will impose a 0.5 percent of AGI floor for deducting charitable contributions, and also limit the value of those deductions for high-income taxpayers by capping the benefit at 35 percent, even when the taxpayer’s top marginal rate is 37 percent. The practical impact is that your high-income-earning clients will experience reduced tax advantages from traditional itemized charitable deductions in the years ahead.

The team at the Starved Rock Country Community Foundation can help you structure a QCD that supports the causes your clients care about—whether through a field of interest, designated, or unrestricted fund. While donor-advised funds can’t receive QCDs, many families work with us to maintain multiple types of funds side by side, often pairing the flexibility of a donor-advised fund with a fund that can receive QCDs.

**Now is the time to revisit these strategies with your clients. Together, we can help them give meaningfully, reduce tax exposure, and continue to make an impact in the community we all love.**

02

## RARE BUT POWERFUL “CHARITABLE EXITS”: KNOW IT WHEN YOU SEE IT

**If your client base includes business owners, you’re no doubt at least generally aware of the benefits of giving closely-held business interests to charity. Beyond that, though, the details may get fuzzy.**



That is totally understandable! Most advisors encounter only a few of these opportunities over an entire career. The key is to be able to recognize the opportunity so you can reach out to our team to help you make the most of it for your client.

Let's take a look at how this plays out for a hypothetical client, Alex Monroe, who may have a few things in common with your actual business owner clients.

–When Alex began considering selling his company, he mentioned it only casually to you. But you knew enough to listen carefully because you know Alex has given generous gifts to several favorite charities over the years. You re-familiarized yourself with the Starved Rock Country Community Foundation in anticipation of the ongoing conversation with Alex.

–You also know that the value of Alex's company has grown substantially over the years, accumulating significant unrealized capital gains for Alex. If Alex sold now without additional planning, a large portion of the proceeds would go toward capital gains tax, potentially eroding the value he had worked so hard to build.

–Some business owners in Alex's position would rush into the exit process with their advisors by putting feelers out to potential buyers, determining an asking price, jumping to establish a letter of intent with a leading suitor, and in the process, missing strategies that could improve their post-sale outcome.

–In Alex's case, though, you suggest involving the Starved Rock Country Community Foundation early in the process. You shared with Alex that it's worth considering giving a portion of the company's shares to a donor-advised fund at the Starved Rock Country Community Foundation before any formal sale activities begin.

–You explain to Alex that by making this charitable gift well in advance of the eventual sale, the shares owned by the donor-advised fund will not trigger capital gains for Alex. Instead, the donor-advised fund will receive the proceeds free of capital gains tax and ready to deploy toward Alex's philanthropic goals. What's more, this technique delivers an estate tax advantage by removing the gifted portion of the business from Alex's taxable estate.

**Whether you encounter a situation like Alex's once, twice, or dozens of times during your career, the most important tip to remember is to reach out to the SRCCF team during the very early stages of planning a client's business exit. Transactions like this take time and also require navigating a few pitfalls. For example:**

–Obtaining a qualified appraisal is crucial in order to comply with IRS rules for charitable deductions for gifts of non-cash assets. Failure to strictly comply with IRS rules could wipe out the tax deduction.

–For this type of transaction to avoid capital gains tax, it is important that no formal discussions about the sale, no shareholder vote approving a transaction, and no signed letter of intent are in place before the gift of shares. Otherwise, the IRS may disallow the charitable deduction.

–These transactions are typically much more effective when the stock is given to a public charity, such as the SRCCF, rather than a private foundation. Unfortunately, some tax advisors are not aware of the significant differences in the tax benefits of giving closely-held business shares depending on the IRS status of the receiving entity. And of course, the SRCCF reviews each potential gift carefully to ensure compliance and feasibility.

**One of these days, whether it's next week or six years from now, you'll likely encounter a charitably-minded business owner who decides it is time to explore selling the business. In that situation—and in any other situation involving charitable giving—the Starved Rock Country Community Foundation is honored to be your first call.**

**STARVED ROCK COUNTRY  
COMMUNITY FOUNDATION**

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With Causes That Matter*

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

