

Financial and Charitable Strategies for Alumni, Parents, and Friends of Williams College

giftwise

TAX-SAVVY STRATEGIES FOR CHARITABLE GIVING

THE TAX CUTS AND JOBS ACT (TCJA), the sweeping new tax legislation, reduced income tax rates and doubled the standard deduction to \$12,000 for individuals and \$24,000 for married couples filing jointly. Other individual income tax changes include the elimination of personal exemptions and a charitable deduction phaseout for high-income donors, and the new \$10,000 limitation on the state and local tax (SALT) deduction. The increased standard deduction combined with the limitation on SALT deductions means fewer taxpayers will itemize. (For more information on TCJA visit giftplanning.williams.edu.)

A bright spot in the law is that the TCJA preserves the deduction for charitable giving, but the only way to take advantage of it is to itemize your deductions. Here are some strategies to help maximize the tax benefits of your charitable giving:

Consider an increase to your charitable gift to benefit from itemizing deductions.

If the total of your itemized deductions is going to be close to the new standard deduction amount, you might give a little more to charity in 2018 so that your income-tax charitable deduction exceeds the standard deduction amount, allowing you to itemize and receive the tax benefits of doing so.

You might want to consider “stacking” your gifts or pre-paying your routine charitable giving in an amount that would allow you to itemize in a given tax year, then take the standard deduction in subsequent years. (See a donor advised fund solution, page 2.)

If your new reduced tax rate will result in more after-tax income, you might be in a position to increase your charitable giving.

Consider a gift of appreciated securities.

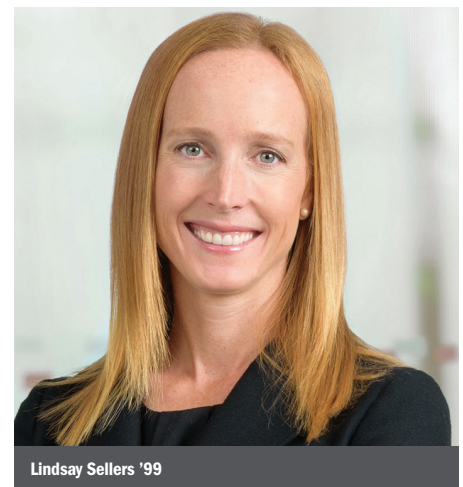
You can save capital-gain taxes whether you itemize or not by giving appreciated securities owned for more than a year.

Consider an IRA rollover gift.

Those 70½ and over who have not yet taken their 2018 required IRA distribution might ask their IRA administrator to make a direct tax-free transfer to charity (up to \$100,000 per individual).

Estate Planning Considerations

There are many ways to design a bequest in order to best meet family priorities and future charitable objectives. If you are looking to save on income taxes, a simple and smart way is to make a future charitable gift through retirement-plan beneficiary designations. While loved ones are subject to income tax on retirement-plan gifts they receive, charities are not.



Lindsay Sellers '99

“For donors over 70½ who do not meet the increased thresholding for itemizing under the new tax law, it may be more advantageous to make charitable gifts directly from an individual retirement account. These so-called “charitable rollovers” are not included in the donor’s income, but they can be used to meet minimum distribution requirements, with the overall result hopefully being a lower income tax bill for the donor than if they had made the same gift from non-IRA assets.”

—Lindsay Sellers '99
Senior Counsel, Day Pitney

Please come to the

EPHRAIM WILLIAMS SOCIETY BREAKFAST

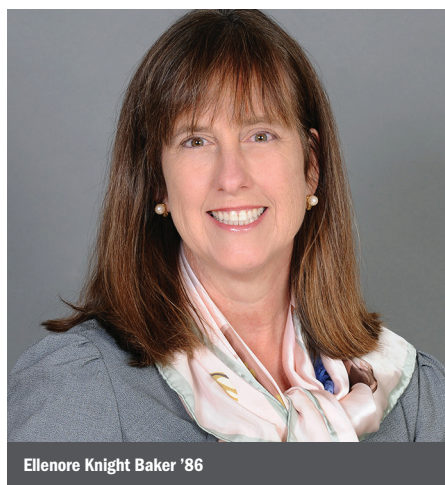
During reunion weekend join Carl Vogt '58, President Emeritus and Protik (Tiku) Majumder, Interim President to celebrate Carl's final breakfast as Chair of The Ephraim Williams Society and to honor alumni, parents, and friends who have established legacy gifts for Williams.

FRIDAY, JUNE 8, 2018
8:00–9:30 a.m. Breakfast
8:30 a.m. Conversation with President Emeritus Vogt '58 and President Majumder

THE WILLIAMS INN
1090 Main St. • Williamstown



RSVP BY MAY 18 to Cheryl Brigley, Gift Planning Office, 877 374 7526 or cbrigley@williams.edu



Ellenore Knight Baker '86

Donor Advised Funds (DAFs) are funds created by donors who deposit cash, appreciated securities, or other assets into an account maintained and operated by a sponsoring organization which has a tax designation as a 501(c)(3). After funding a DAF you have the flexibility to decide when and how to make your charitable grant recommendations. You have the added benefit that assets in a DAF grow tax free.

Q&A: DONOR ADVISED FUND

With Ellenore Knight Baker, CFP™ '86,
Wealth Manager, Carter Financial Management

Q WHEN DO I RECEIVE A TAX DEDUCTION FROM A DAF?

A You receive a tax deduction in the year you fund a DAF, not when grants are made from that DAF to the charity of your choice because the DAF (not you) owns the funds once received.

Q HOW MIGHT A DAF HELP ME THIS YEAR?

A You can bundle future charitable gifts by making a larger DAF contribution in the current tax year. This increases your federal deduction above the standard deduction, allowing you to itemize your charitable deductions.

Q HOW MIGHT A DAF HELP ME IN THE FUTURE?

A In future years, you can take advantage of the new higher standard deduction (instead of itemizing) and continue to support your favorite charities by making charitable grants from your DAF.

Q DO I HAVE TO HAVE A LOT OF RESOURCES TO OPEN A DAF?

A No, fund minimums can be as low as \$5000. Contributions can be made to the DAF every year or only when a windfall occurs.

Q WHAT IF I HAVE CASH AND SECURITIES? WHICH IS BETTER IN A DAF?

A If you are expecting deferred compensation or a cash bonus you could use cash to fund a DAF and take a tax deduction. There is, however, an added benefit to donating appreciated securities. If you are itemizing, funding a DAF with long-term appreciated stock earns you a tax deduction, and eliminates capital gains on that asset. You could then use your cash to re-purchase the stock 31 days later. Stepping up the asset's cost basis re-establishes your position at today's price which minimizes your capital gains down the line.

Q WHAT HAPPENS TO MY DAF AFTER I'M GONE?

A You can either name individuals as successor trustees or you can name a charity as charitable beneficiary to your DAF (or both). By naming a charitable beneficiary, the remaining balance will transfer to the charity of your choosing as a lump sum at your passing. Your choice of successor is easy to designate (or change) in the future.

The Lester family wanted to have a lasting effect on Williams and they certainly succeeded. This scholarship fund will benefit future Ephs in perpetuity—a timeless gift that flows from one generation to the next.

JAMES D. LESTER 1911 MEMORIAL SCHOLARSHIP

LIKE MANY WILLIAMS FAMILIES, the Lesters have a long and rich history in the purple valley. In the past century, five family members have graduated from Williams: brothers James Dowd '11 and Carl '14 started the chain; James Dowd's sons, James S. '44 and Milford '51, continued the legacy; and Jane, daughter of James S., became the first female Lester to graduate from Williams in 1977.

Brothers James S. and Milford in particular, were devoted, active alumni, serving the college in almost every role they could—as class officers, associate agents, head agents, regional officers, and in other capacities—for decades.

Given this family passion, it's not surprising that James Dowd Lester's widow, Sarah, established the James D. Lester 1911 Memorial Scholarship fund in 1965 with a stock gift valued at \$6,650. Sons James S. and Milford

added to the fund transforming it to a named scholarship. In 1997, the first Lester scholar was assigned.

Among the additional gifts provided by the Lester brothers is the deferred Charitable Gift Annuity (CGA) that Milford established in 1991, at the time of his 40th reunion, for the benefit of his wife, Nancy. Milford funded the deferred CGA with a gift of appreciated stock, receiving a partial tax deduction and a lifetime stream of annual income for Nancy. Upon her passing last year, the remainder, which had grown to more than eight times the original gift, was distributed into the scholarship fund. The Lester legacy reaches far beyond the family members who studied here. There have been 21 Lester scholars since 1997, and the Lester family has helped Ephs achieve a Williams education for more than 50 years.

Meet a Lester Scholar

Tyra Wynn '19 is a geosciences major from Queensbury, New York, and this year's recipient of the James D. Lester 1911 Memorial Scholarship.

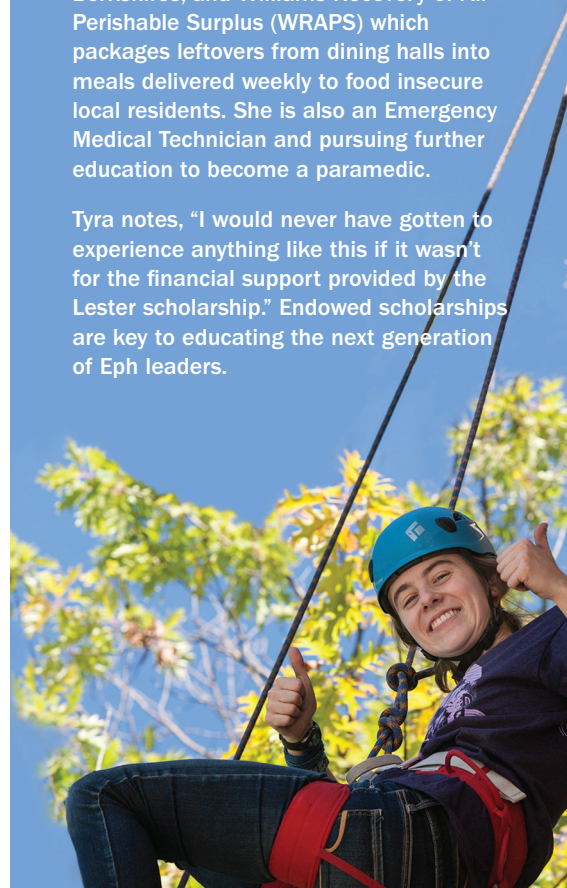
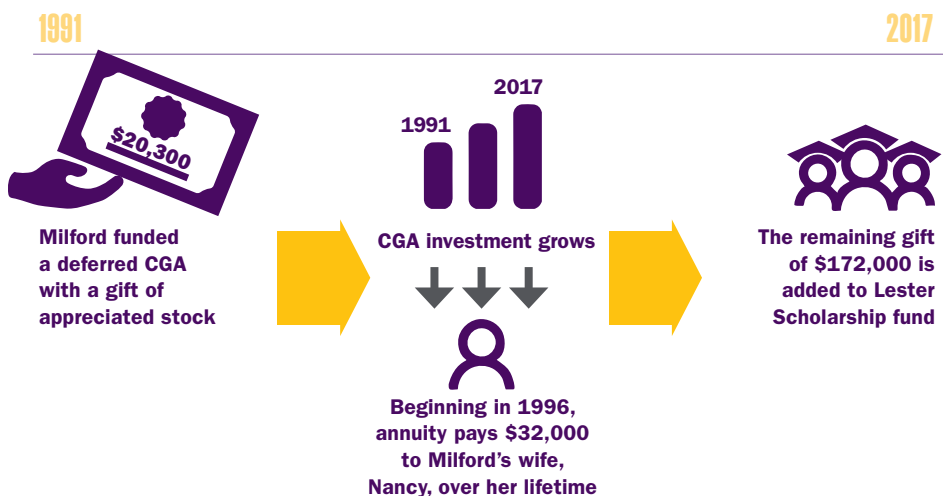
At Williams Tyra is a fantastic connector. She leads trips for the Williams Outing Club and is the student representative for geosciences. In both those roles she strives to introduce fellow Ephs to new experiences both academically and out of doors. She also works for the Purple Bike Coalition which provides free bike repairs and rentals to the college and the community.

Tyra is an accomplished athlete running for both the cross country team in the fall and the track team in the spring and loves the feeling of community she has found through athletics.

Off campus Tyra has been part of the annual Winter Blitz, a program that winterize homes in the northern Berkshires, and Williams Recovery of All Perishable Surplus (WRAPS) which packages leftovers from dining halls into meals delivered weekly to food insecure local residents. She is also an Emergency Medical Technician and pursuing further education to become a paramedic.

Tyra notes, "I would never have gotten to experience anything like this if it wasn't for the financial support provided by the Lester scholarship." Endowed scholarships are key to educating the next generation of Eph leaders.

The Power of Life Income Gifts



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Williams



THE BENEFITS OF A CHARITABLE GIFT ANNUITY

A CHARITABLE GIFT ANNUITY (CGA) is a contract between you and Williams; the college promises to make fixed (partially tax-free) payments for life to one or two beneficiaries in exchange for a gift of cash or securities. You are eligible for an immediate federal income tax charitable deduction. Upon the passing of the last of the beneficiaries, the balance of the account goes to support Williams.

Geoff Connor '68, P'02 said, "My 50th reunion presented the perfect opportunity to make a once-in-a-lifetime, truly meaningful gift to



Geoff Connor '68

Williams—a chance to see that the next generation is educated, not just in a trade, but in all aspects of life. I chose a deferred charitable gift annuity because I viewed it as a win-win. Receiving fixed income payments for life makes sense as an investment. Using appreciated securities to make that investment, I avoided some capital gains taxes and will claim a federal income tax charitable deduction for a portion of my gift. Williams just started sending me fixed quarterly payments (part taxable income, part tax-free). I benefit, and Williams benefits too."

