

# Equipping Fundraisers with Tools for Successful Planned Giving Campaigns

Presented By:  
Attorney Mykayla Dado  
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*Attorney Mykayla Dado presents:*

## Building Bridges to the Future:

Equipping Fundraisers with Tools for Successful Planned Giving Campaigns

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## Planned Giving

- **Occurs at death AND during life**
- **Typical Donor:**
  - Financially independent
  - Post-retirement age
  - Feels family has/will receive “enough”
- **Motivations:**
  - Tax benefits
  - Charitably inclined
  - Passing along a lesson
  - Leaving a legacy/lasting impact

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# Tax Implications



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## Income Tax Implications

- Charitable deduction limit based upon:
  - Donor's income (60%, 50%, 30%, 20% of AGI)
  - Type of organization receiving contribution
  - How contribution is made
  - Type of property or service contributed
  - *Disallowed deductions can be carried forward five years*
- Must itemize to use charitable deduction
  - Standard deduction = \$27,700 married joint  
\$13,850 single
  - Cap on state and local taxes = \$10,000
  - *Tip: concentrate charitable giving in certain years*



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## Estate Tax Implications

- Wisconsin: NO ESTATE TAX
- Federal: Exemption Amount for 2023 = \$12.92 million
  - Scheduled to decrease in 2026 to \$5 million indexed for inflation
  - Exemption amount can be given to a surviving spouse through a process called “portability”
- Gifts to charities upon death
  - Qualify for estate tax deduction, but not income tax deduction
- Gifts to charities during life
  - Remove assets from gross estate and receive income tax deduction



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## Gifts During Life



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## Cash

- Donor receives charitable deduction for donations up to 60% of AGI



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## Appreciated Assets

- Benefits
  - No long-term capital gain
  - Get deduction for full FMV of asset
- Exceptions
  - TPP unrelated to exempt purposes of recipient organization
  - Gift to private non-operating foundations
  - Gifts of intellectual property



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## Appreciated Assets

- Substantiation Requirements
  - > \$250 = must provide written acknowledgement meeting certain criteria
  - > \$5,000 = donor must obtain qualified appraisal and file Form 8382
  - > \$500,000 = appraisal must be submitted with tax return



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## Example: Gift of Real Estate

- Sandra owns cottage property worth \$500,000, which she purchased many years ago for \$200,000.
- She no longer uses the property, has no children or other family members who may want the property, and is tired of maintaining the cottage.
- She does not need to sell the property because she has sufficient other assets and income to live on.
- She decides to transfer it to her favorite charity and receives a \$500,000 income tax deduction avoiding tax on the \$300,000 gain.



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## Retirement Benefits

- Withdrawals from qualified IRAs taxed as ordinary income
  - Individuals must withdraw a certain amount from qualified IRAs each year (RMDs), beginning at age 72/73
- IRA Charitable Rollover (QCDs)
  - Only if 70½ or older
  - Up to \$100,000 annually
  - Must be made directly from IRA to charity



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## Example: IRA Charitable Rollover

Lisa is 85 and is forced to withdraw \$5,000 from her IRA. She has no mortgage on her home and pays \$3,000 in property taxes and only about \$2,300 in state income taxes on a total income of roughly \$50,000.

### Scenario 1

- Take \$5,000 RMD
- Donate \$5,000 to charity
- Annual income (includes IRA RMD) = \$55,000
- Standard deduction = \$13,850
- Itemized deductions = \$10,300
- Utilized standard deduction of \$13,850

### Scenario 2

- Send \$5,000 RMD direct to charity
- Annual income decreases to \$50,000
- Utilized full standard deduction of \$13,850



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## Charitable Remainder Trusts

- Gifts that generate income for the life of the donor or the donor's designated beneficiaries (or a term of years) with remainder going to charity
  - CRATs
  - CRUTs
- Benefits
  - Receives immediate partial charitable deduction but preserves income stream
  - Trust is tax-exempt



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## Gifts at Death



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## Bequests or Remainder Beneficiary

- Specific Bequest
- Remainder Beneficiary
  - Estate tax avoidance



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## Charitable Remainder/Charitable Lead Trusts

- Can be created at death, naming a child or other beneficiary as individual to receive annuity or remainder amount



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## Retirement Accounts

- Taxation at death
  - Withdrawals are income to beneficiaries
  - Must be withdrawn within 10 years, unless:
    - Surviving spouse
    - Less than 10 years younger
    - Minor child
    - Disabled or chronically ill individual
- Benefits of leaving qualified IRA to charity
  - Eliminates income tax consequences for beneficiaries
  - Option for eliminating or reducing estate tax



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## Life Insurance

- Not taxable to recipient, so no tax benefit to leaving to charity
- Why utilize?
  - Multiply your gift
  - Make a gift without diminishing assets available to other beneficiaries (such as land or business interests)
  - Transfer ownership of policy to charity – remove asset from estate
  - Replenish assets for beneficiaries (using ILIT)



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## Life Estate

- Donor transfers property to charity but retains the right to use and occupy the property during his or her lifetime
- Benefits
  - Immediate charitable deduction
  - Retain use during lifetime
- *Tip: charity should take steps to limit liability if receiving and retaining real estate*



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## Communicating About Planned Giving



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## No Need to Talk About Death

- Includes lifetime planned giving
- Focus on:
  - Resources required to meet ongoing and continuing need
  - Inspiring others to follow suit
  - Leaving personal legacy



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## Questions?



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**Mykayla Dado**  
mdado@ruderware.com



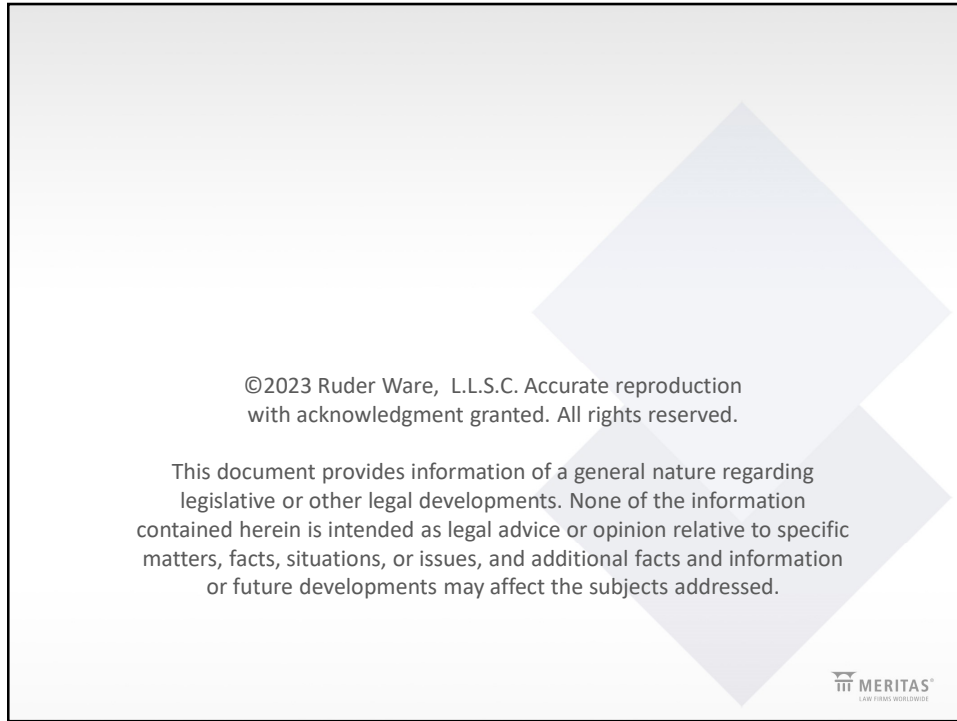
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**Mykayla A. Dado**  
Attorney

402 Graham Avenue  
P.O. Box 187  
Eau Claire, WI 54702-0187  
Phone: 715.834.3425  
Toll Free: 800.477.8050  
Fax: 715.834.9240

## **Growing up on a seventh-generation dairy farm, Mykayla knows firsthand the hard work and long hours that go into running a family or closely held business.**

Although Mykayla never intended to return to the farm full-time, she always wanted to stay in the agriculture industry. To that end, she pursued a degree in Agricultural Business at Iowa State University. When an advisor presented on succession planning for farms and farm families, Mykayla realized that's how she could give back to the tight-knit ag community she'd grown up in. At Ruder Ware, Mykayla assists clients in planning for the transition of ownership and management of family or closely held businesses, including family farms. In addition, she will assist clients with drafting wills, trusts, and other planning documents, as well as probate and trust administration.

Family is central to Mykayla and her husband, whose family also operates a farm. When not enjoying their nieces or helping out on the farms, they love to travel both internationally and state-side.

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[Probate & Trust Administration](#)  
[Business Succession Planning](#)

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## **Focus Teams**

[Agriculture](#)

## Education

- B.S. (*summa cum laude*), Iowa State University Ames, IA (2018)
  - J.D. (*magna cum laude*), University of Wisconsin Law School – Madison, WI (2022)
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## Admissions

Wisconsin Supreme Court

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## Nonprofits & Foundations

Nonprofits and exempt organizations are focused on delivering upon their mission, however complicated regulations dictate every structure of their life-cycle.

It's crucial nonprofits know how to stay in compliance with government rules and regulations. Our attorneys understand the important work these organizations provide and realize they can ease the burden of compliance.

We work with public charities, private foundations, social service organizations, and family trusts from their inception – preparing organizational documents and tax exempt applications – through ongoing maintenance and daily operations.










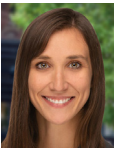









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- IRS issues
- Tax-exemption applications
- Legal audits
- Charitable solicitation registration
- State and local tax matters
- Charitable gifts and fundraising
- Unrelated business income tax (UBIT)
- Employment
- Investment and endowment policies
- Reasonable compensation

Our lawyers also counsel section 501(c)(3) organizations in fundraising and donor-related activities, providing advice on matters such as:

- Compliance with charitable solicitation laws
- Availability of income tax deductions for donors, and substantiation requirements
- Creation of donor advised funds, field of interest funds, and endowment funds
- Creation of charitable remainder and lead trusts
- Creation of gifts annuities and pooled income funds

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