



Tax Efficient Giving

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ONE BIG BEAUTIFUL BILL ACT (OBBBA)'S IMPACT ON GIVING

The good, the bad, and the ugly

Good for many:

- Beginning in 2026, a limited charitable deduction is available for non-itemizing taxpayers
- Limitations:
 - \$1,000 per taxpayer (\$2,000 for MFJ)
 - Cash gifts only (not appreciated stock or any gifts to a donor advised fund (DAF) or private foundation)

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Bad news:

- The maximum benefit of a charitable deduction will be capped at 35% in 2026
- Specifics:
 - Top taxpayers in the 37% bracket are limited to a 35% deduction
 - Instead of 37 cents on the dollar deduction, they will only be able to deduct 35 cents

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Ugly news:

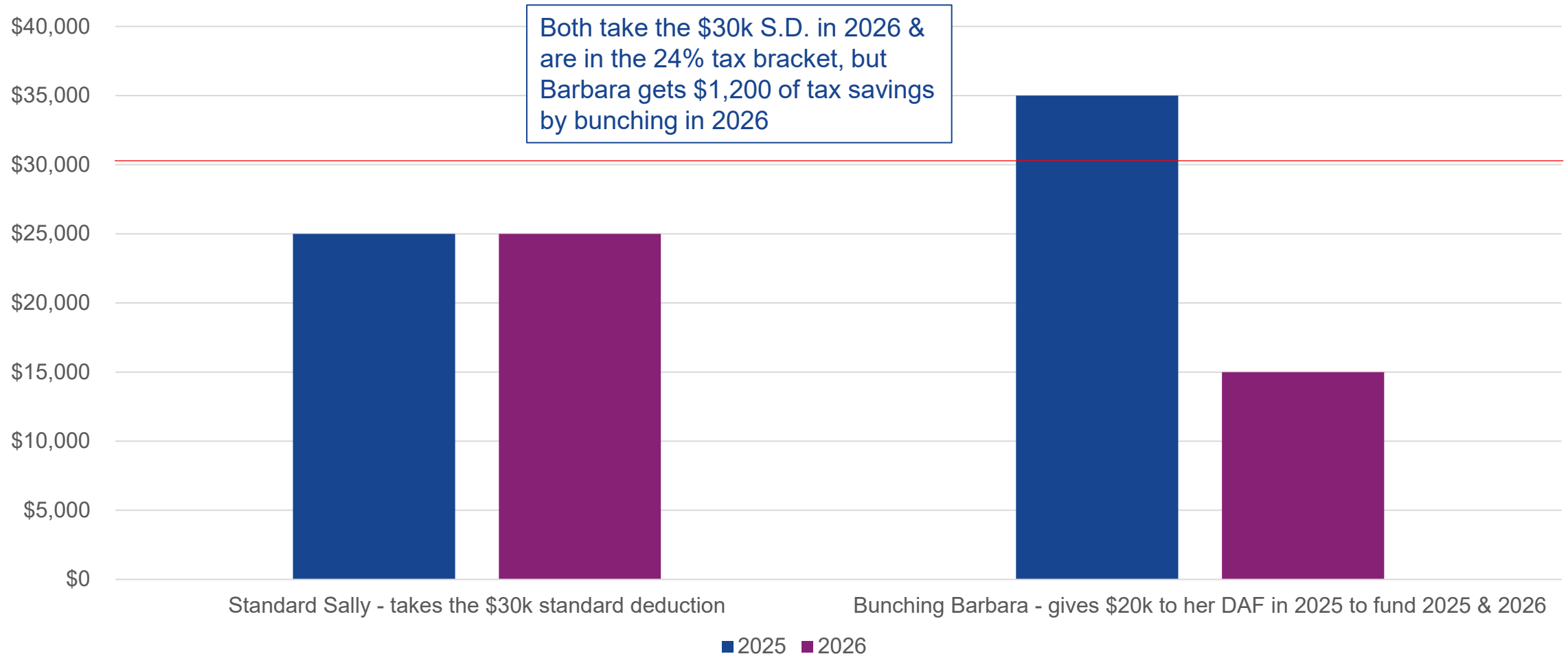
- Beginning in 2026, there will be a charitable deduction “hurdle”
- Specifics:
 - Itemizing taxpayers must contribute .5% of adjusted gross income (AGI) before they can claim a deduction
 - Ex/ A couple with \$200,000 of AGI can only deduct contributions in excess of \$1,000

WHAT'S A GENEROUS ROTARIAN TO DO?

- If possible, make gifts (outright or do a DAF) in 2025
- “Bunch” future donations into a single tax year
- Give appreciated stock instead of cash
- If you're over 70.5, give from IRAs

Bunching Charitable Deductions

Sally and Barbara both give \$10,000 annually to the Rotary Foundation



PHILANTHROPY

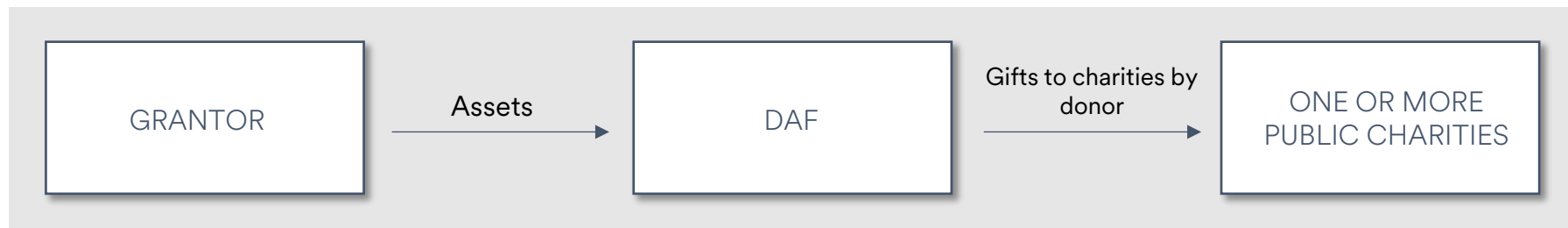
A Donor Advised Fund (DAF) as a recipient

Advantages

- Current income tax deduction for contributions
- Wide choice of charities
- Relatively low minimum threshold to fund
- Relatively low management fees
- May have international grant-making capabilities
- Can receive assets from other philanthropic giving vehicles, include private foundations

Considerations

- A donor has less personal investment control over DAF assets than private foundation assets
- Little control over the way the ultimate charitable beneficiaries use the funds



Give Appreciated Stock if you Itemize

Advantages of Appreciate Stock

Example with \$10,000 Gift to Charity

	Cash Gift	Stock Gift*
Current Fair Market Value of Stock	\$10,000	\$10,000
Income Taxes Saved	\$3,700	\$3,700
Capital Gains Taxes Saved**	\$0	\$1,904
Total Tax Savings	\$3,700	\$5,604

For illustrative purposes only

* Assumes stock has cost basis of \$2,000

** Assumes 20% federal capital gains tax and 3.8% surtax on net investment income

Advantages

- Provide substantial benefits to the charity
- Amount donated is excluded from income when calculating income taxes, thus allowing a deduction without itemizing deductions
- Excluding the donated amount from income may result in a lower top income tax bracket and may reduce taxes on the donor's social security benefits and prevent high-income surcharges on Medicare premiums

Considerations

- QCDs can only be made directly to eligible 501(c)(3) organizations
- Contributions to private foundations, support organizations, or donor advised funds do not qualify
- Must be from an IRA (not a 401(k) or employer plan)
- Donor must be at least 70.5 years old at the time of the gift

An outright gift from an IRA through a Qualified Charitable Distribution (QCD)





QUESTIONS

Tara Lawson

Senior Vice President, Wealth Strategist

CREDENTIALS

J.D., cum laude, The Catholic University of America, Columbus School of Law, Washington, D.C.

B.S., summa cum laude, Psychology, University of Mary Washington, Fredericksburg, Virginia

CAP®, Chartered Advisor in Philanthropy, The American College of Financial Services



As a Wealth Strategist, Tara works with high-net-worth individuals to design strategies related to advanced estate planning, business succession planning, and family legacy. Tara helps manage the complexities of wealth preservation and distribution.

Tara began her career in estate, tax, and philanthropic planning in 2007. Prior to joining U.S. Bank Private Wealth Management, Tara worked as a Trust Officer and in house counsel at Farmers State Bank and as a Staff Attorney at Schumack Ryals PLLC in Fairfax, Virginia. She has also served as an adjunct professor of business law at the University of Dubuque since 2014.

Tara is active in her community and has served on numerous boards, including Iowa Valley Habitat for Humanity, Iowa City Noon Rotary Club, Eastern Iowa Planned Giving Council, and Girls on the Run of Eastern Iowa. She also volunteers her time for United Way of Johnson and Washington Counties, Mercy Hospital Foundation, and the American Heart Association.

Tara resides in Iowa City with her family. When she is not at work, she enjoys running, reading, and traveling.

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