

Gift Planning Quick Guide

Gift **How** and **Why**

Outright gifts

Cash	Write a check or use a credit card. Easy to make. Itemizers can qualify for an income tax charitable deduction for full amount of gift. Nonitemizers can deduct up to \$1,000 (\$2,000 for joint filers).
Securities	Typically, transfer to charity an appreciated asset (stocks, bonds) held for more than one year. Qualifies for an income tax charitable deduction for full fair market value; no capital gains tax is due.
Closely held stock	Business owner gives stock to charity, then the corporation may repurchase the same stock. The fair market value of the stock qualifies for a charitable deduction; no capital gains tax is due.
Tangible personal property	Donate property to charity. Income tax charitable deduction for the full fair market value if the charity uses the gift property for its exempt purposes (otherwise, the deduction is limited to the adjusted cost basis). Qualified appraisals are often necessary.

Limitations on deductions:

- Only gift amounts that surpass 0.5% of the donor's adjusted gross income (AGI) qualify for an income tax deduction.
- For donors in the 37% tax bracket, the tax benefit of their deduction will be capped at 35%.
- The maximum deduction for long-term appreciated stock is 30% of the donor's AGI. Any excess deduction can be carried over for up to five years.

Life income gifts

Charitable gift annuity (CGA)	Donate assets (usually cash or securities) in exchange for fixed annuity payments. The gift portion of the donation qualifies for an income tax charitable deduction; part of payments may be tax-free return of principal; any capital gains tax on the transfer is spread over the donor's life expectancy if donor is the annuitant.
Charitable remainder annuity trust (CRAT)	Fund a trust (usually with cash or securities) that pays a specified annual benefit to named beneficiaries for life or a period up to 20 years; trust assets go to charity when the benefits end. Qualifies for an income tax charitable deduction; possibly bypasses capital gains when funded with long-term appreciated property.
Charitable remainder unitrust (CRUT)	Similar to a CRAT, except the income amount varies each year as the trust assets are revalued; may be funded with cash, securities, and other assets. Same benefits as a CRAT. Different funding and payout options available (unlike a CRAT).

Revocable gifts

Bequest	Use a will to direct property to a charity at death. Estate tax charitable deduction for the value of the gift; the donor retains lifetime use and control of property intended as a bequest.
Revocable living trust	Set up a trust that directs the disposition of assets, including gifts to charity; the trust can be revoked or changed. Minimizes the costs and delays of probate; facilitates the transfer of assets; plan is private, not public (unlike a will); provides continuity of asset management in the event of death or disability.
Retirement plan assets	Name a charity as beneficiary of retirement plan assets (other arrangements are also possible). Retirement assets are heavily taxed when passed to heirs but tax free when donated to charity.

Other gifts

Gift from an IRA	IRA owners 70½ or older order a charitable distribution from the IRA. Gifts made directly from the IRA to charity are tax free (up to the \$111,000 annual aggregate limit for 2026) and count toward the donor's required minimum distribution (RMD). A one-time, tax-free distribution (up to \$55,000 in 2026) can create a new CGA or CRT.
Donor-advised fund	Make an irrevocable contribution to a restricted fund maintained by a charitable organization. The full amount of the gift qualifies for a charitable income tax deduction; the donor may recommend (but not require) grants to charity over time.
Retained life estate	Give real estate but retain a lifetime right to use the property. The gift qualifies for an income tax charitable deduction based on the present value of the remainder interest that will later go to charity.
Charitable lead trust (CLT)	Set up a trust that makes annual payments to charity for a specified time; remaining assets go to the donor or named beneficiaries. May qualify for a gift or estate tax charitable deduction or for an income tax charitable deduction, depending on type of CLT.
Life insurance	Give a paid-up life insurance policy to charity, or name a charity as beneficiary of the policy, or use a policy as a wealth replacement tool in tandem with a CRAT or CRUT. Possible income tax charitable deduction for the donated policy.

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FOR ADDITIONAL INFORMATION, PLEASE CONTACT

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