The Catholic Foundation
of Central Florida
Inspire Giving. Fund God's Work.

Year-End Discussion Topics For Advisors and Clients

Insight From Our
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Topic #1

Philanthropy

Having a philanthropic conversation is one that benefits everyone and our communities. Advisors have the technical knowledge to help their clients achieve their philanthropic aspirations. Year-end is a good time to plan charitable transactions for the current year and strategize how to increase impact in the new year.

Topic #2

Estate Documents

Review your estate planning documents. Update any details related to life events which occurred during the year and ensure your intentions are current, you've selected the right persons to administer your estate, and your beneficiaries receive proper care.

Topic #3

Beneficiary Designations

Review the beneficiary designations you have on retirement accounts and life insurance policies to ensure they are current.

Topic #4

Donor Advised Funds (DAFs)

DAFs are one of the most popular giving vehicles. They are easy to establish and have low administrative expenses. They operate like a 'charitable savings account'. Once established there are no minimum payouts and there are no taxes on earnings. Tax benefits are realized when gifts are made to your donor advised fund while you can consider future gifts to charities at a later date.

Topic #5

Qualified Charitable Distributions (QCDs)

Qualified Charitable Distributions (QCD) - Those who are 70 1/2 or older can give up to $105,000 annually as a tax-free QCD from their traditional IRA. The QCD is generally more tax advantaged as you are sending money directly from your IRA or IRA rollover to a charity. It is pretax gifting, so both adjusted gross income (AGI) and the tax burden stay low.

Topic #6

Portfolio Rebalancing Strategy

If part of your portfolio has become overweight in a certain sector, instead of selling and realizing a capital gain, consider donating the overweighted portion of the portfolio into your DAF or directly to a charity.

Topic #7

Review Benefits

For those employed, evaluate your employee benefits and make sure you are taking advantage of any perks (such as a 401k or 403b match).

Topic #8

Review Insurance Coverage

Evaluate your policies including home, auto and any need for liability protection (umbrella policy). For those who are retired, review your Medicare Supplement and Prescription Drug Coverage.

Life Insurance Review

Topic #9

Determine whether you have the appropriate amount of life insurance for current planning needs. Find out whether the insurance is held in a trust and, if not, whether it should be gifted to a new or existing irrevocable life insurance trust (ILIT) during the current tax year. For insurance held in ILITs, make sure the trustees are sending Crummey letters to beneficiaries to benefit from annual exclusion gifts. If a Cash Value Policy, review how the policy is performing by requesting a projection from the insurance company to ensure enough cash value/premiums are paid in.

Topic #10

Annual Exclusion Gifts

If you are concerned about estate taxes and estate tax planning, remember to take advantage of the annual gift tax exclusion of $18,000 per person, per year, prior to year-end. Because the annual exclusion from gift taxes is indexed for inflation, it is estimated that the exclusion will be $19,000 per person, per year starting on January 1, 2025.

Bunching

Topic #11

When making charitable donations consider bunching the gifts to increase the possibility that your charitable gifts (and your other itemized deductions such as property taxes and interest paid on your mortgage) will exceed the standard deduction. This can be accomplished by prepaying your 2025 charitable contributions directly to the charity of your choice or to a DAF.

Required Minimum Distributions (RMDs)

Topic #12

For those who have recently turned 72 (or age 73 if you reach age 72 after 12/31/22), remember to start taking your RMDs from your traditional IRA or other IRA based plans such as SEPs, SARSSEPs and SIMPLE IRAs. Failure to take your RMDs could result in a steep additional penalty (excise) tax of 50%, 25% or 10% depending on the circumstances. These distributions are counted as taxable income but can be given directly to a nonprofit and if donated this way, does not count as income. Similarly, if you have a non-operating charitable private foundation, remember to make your RMDs (usually 5% of the total assets) from your private foundation prior to its fiscal year end.

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