



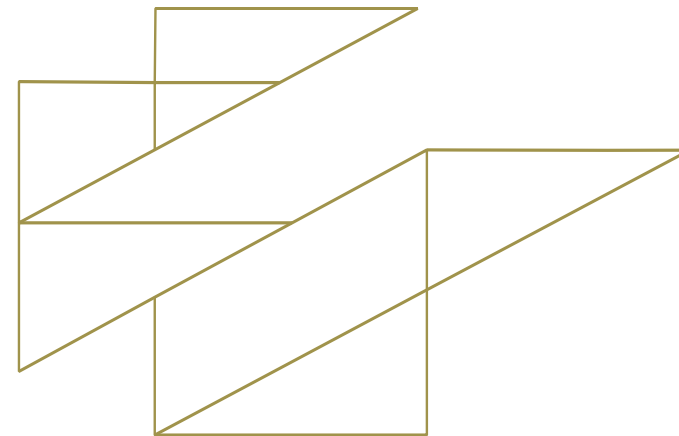
BNY MELLON

WEALTH MANAGEMENT

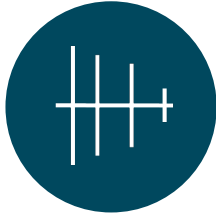
November 18, 2020

Trends in Charitable Giving

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National Director, Gift Planning Services



Forces Creating Change



Accelerated Disruption

- COVID-19
 - Social and economic unrest
 - Legislative changes since 2017: TCJA, SECURE Act, CARES Act
-



Demographics

- Five Generations Operating Simultaneously
 - Younger Generations (X, Y & Z) seek whole systems change.
 - Each generation views funding change differently
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Social Investing

- Move away from binary thinking between non- and for-profit
- Find optimal mix of business models and funding sources to solve problems

Advancement. Unique Point in Nonprofit Industry

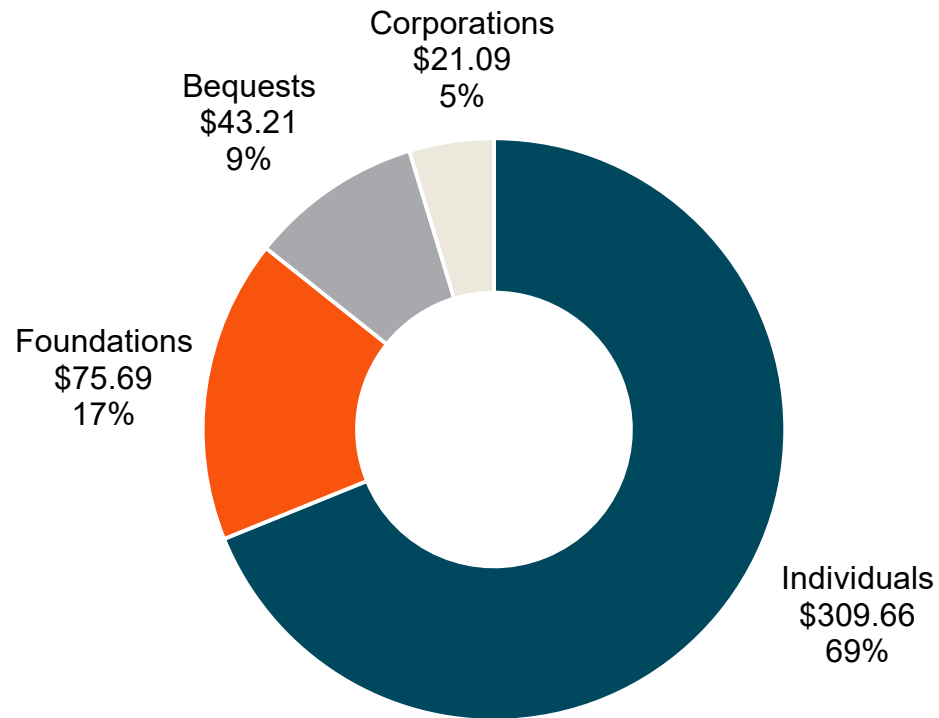


¹ Giving USA Foundation, 2020 Report, 2019 Data

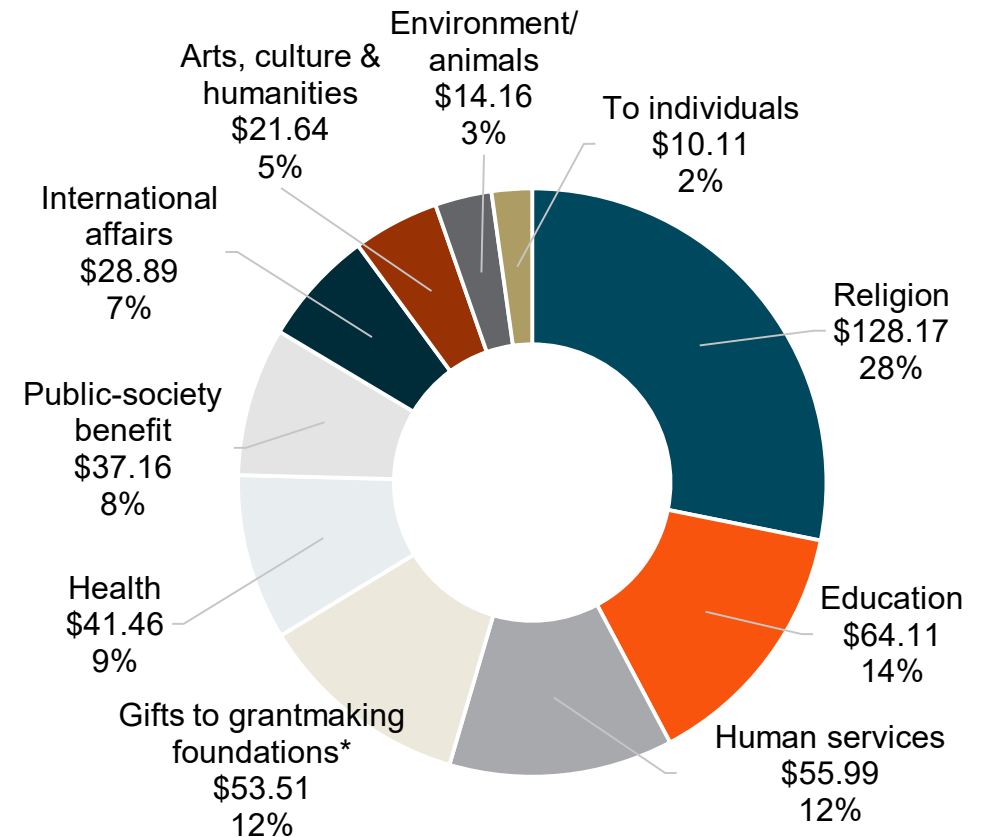
³ ² 2020 GIIN Impact Investor Survey

Giving USA: \$449.64 Billion in Contributions during 2019

Contributions by Source



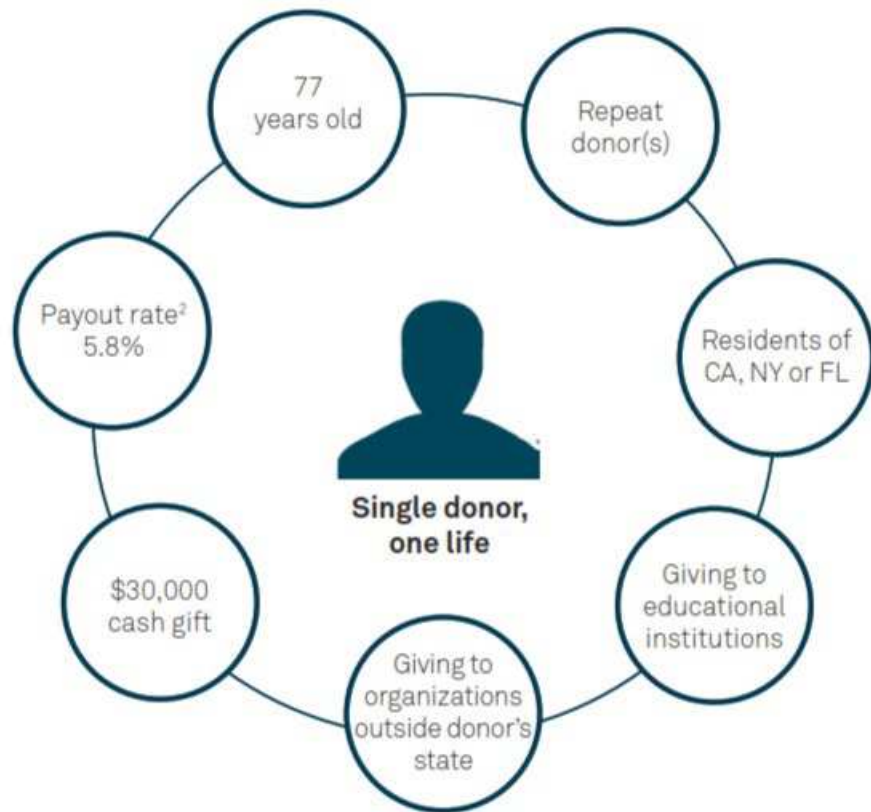
Contributions by Source



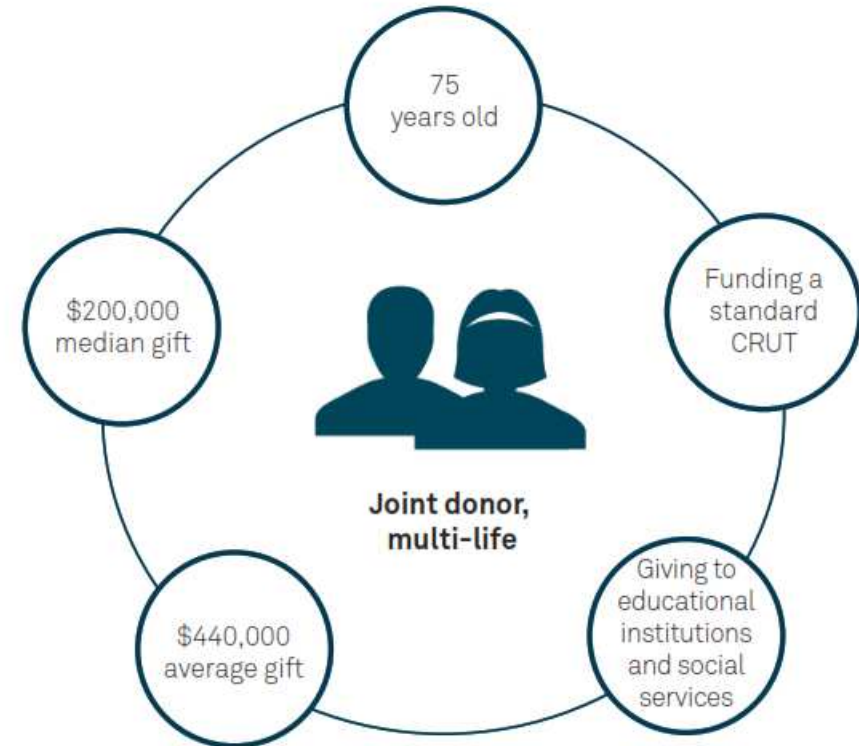
4 Source: Giving USA 2019. In billions of dollars – all figures are rounded.

Donor Profiles

Charitable Gift Annuity Donor Profile



Charitable Trust Donor Profile



BNY Mellon 2020 Charitable Gift Report

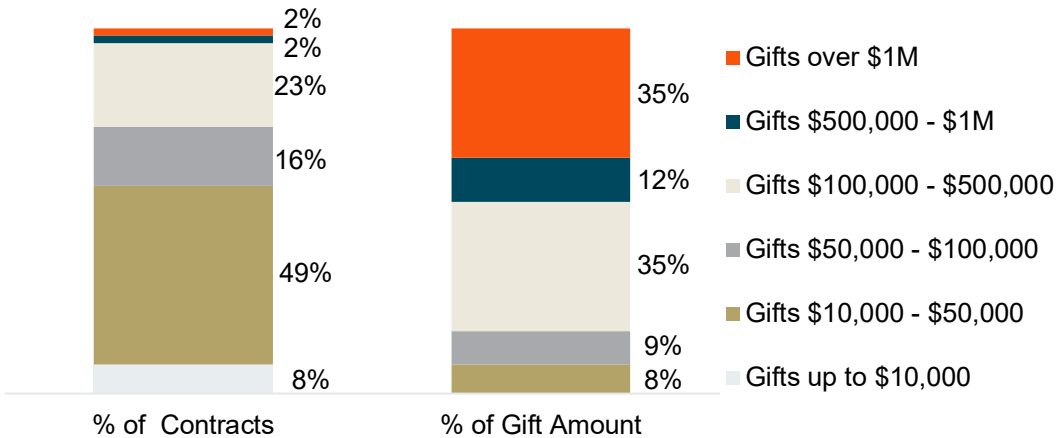
Charitable Gift Annuities

	2015	2016	2017	2018	2019
Number of Gifts	593	569	608	511	617
Total Gift Amount	\$65.8M	\$41.3M	\$61.3M	\$43.4M	\$67.9M
Annual Payments	\$5.2M	\$2.7M	\$3.9M	\$3.0M	\$4.4M
Median Gift Size	\$25,000	\$25,000	\$25,000	\$25,000	\$30,000
Avg. Gift Size	\$111,000	\$73,000	\$101,000	\$85,000	\$110,000
Median Donor Age	81	80	80	78	77
Avg. Donor Age	80	80	79	78	77

BNY Mellon 2020 Charitable Gift Report

Charitable Gift Annuities

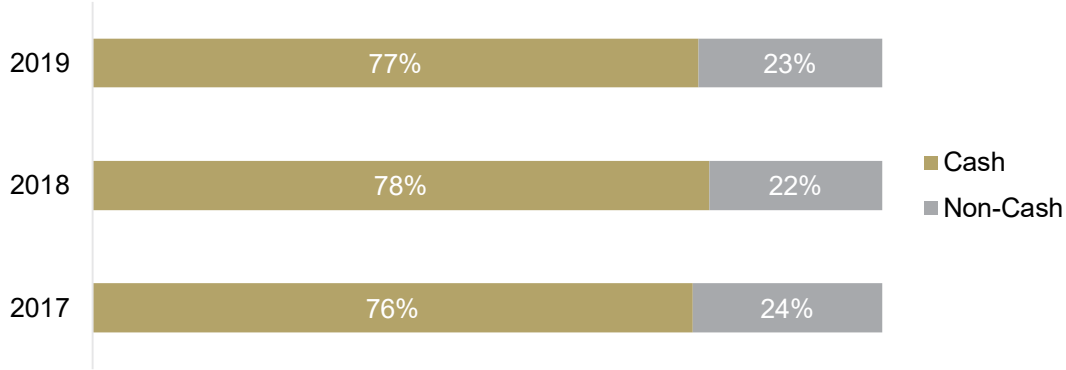
New Gifts by Size



Gifts by Contract Type

	Number of Contracts	Amount of Contracts
Standard	78%	84%
Deferred	15%	11%
Flexible	6%	5%

Cash Vs. Non-Cash Gifts



New Vs. Repeat Donors

	% of Gifts (\$)	Average Gift	Median Gift
New Donors	42%	\$113,100	\$50,000
Repeat Donors	58%	\$107,700	\$25,000

BNY Mellon 2020 Charitable Gift Report

Charitable Trusts

	New Trusts		Trust Additions	
	Number	Amount	Number	Amount
Uni	31	\$11.1M	72	\$7.0M
Net Income	5	\$5.9M	8	\$0.5M
Annuity	4	\$1.2M	---	---
Lead	2	\$0.6M	---	---
	42	\$ 18.2M	80	\$7.5M

2020 Year-to-Date

- Jan-March 2020 saw 30% increase in new gift activity compared to same period in 2019
 - Increased donor outreach leading to legacy conversations
 - Pandemic, racial/social injustice catalysts
 - ACGA Rate Change effective 7/1
- CRUTs and “Stretch” IRA
- Renunciations of trust interests & assignment of CGA

Popular Ways to Give

Donor Advised Funds

- Gifts to & Grants From Donor Advised Funds at Record Levels
- 13% of total 2018 individual giving of \$292 billion came from DAFs
- Fidelity Charitable reports 20% increase in outgoing grants for Q12020 compared with 2019
 - Total \$1.7 billion²

Qualified Charitable Distributions – Charitable IRA Rollovers

- Impacted by SECURE Act changes but still an option

Bequests

- Aligning legacy giving with values

¹ Source: [National Philanthropic Trust *The 2019 DAF Report*](#)

¹⁰ ² Source: Chronicle of Philanthropy Article: [Giving from donor-advised-funds surge as pandemic spreads](#)

Charitable Update – CARES and SECURE Acts

CARES Act

- \$300 above-the-line deduction
- 100% contribution of cash deductible in 2020

SECURE Act

- Change to minimum required distribution rules for retirement assets
- Changes to qualified charitable distribution (QCD) rules
- Administrative difficulties for charity named as a beneficiary of an IRA

Miscellaneous

- New mortality tables

100% of Cash Contributions Deductible in 2020

- Suspends percentage of AGI limitations for tax year 2020 for contributions of cash
- Contribution must be made to a public charity defined in Section 170(b)(1)(A)
- Must take other charitable contributions into consideration e.g., long-term capital gain property subject to 30% of AGI
- Amount in excess of 100% of AGI may be carried over for 5 years subject to a 60% of AGI limit
- Contribution cannot be made to a donor advised fund or a supporting organization
- Taxpayer must elect to have this provision apply. The 60% of AGI limitation applies absent the election to have the 100% of AGI limitation apply.

100% of Cash Contributions Deductible in 2020

- **100% of AGI limit** for individuals for 2020 allows individuals over 59½ years old benefits similar to a “qualified charitable distribution” that is only available to those over 70½.
- **They can take a cash distribution from their IRA**, contribute the cash and offset the inclusion of the IRA distribution in their 2020 income with a 100% income tax charitable deduction.

Caution

May not be a “wash” for state income tax purposes as some states either have not adopted the 100% of AGI limitation or do not allow a state income tax charitable deduction

What Stays the Same

Remember, there are no changes to the existing deductions for contributions made to donor advised funds.

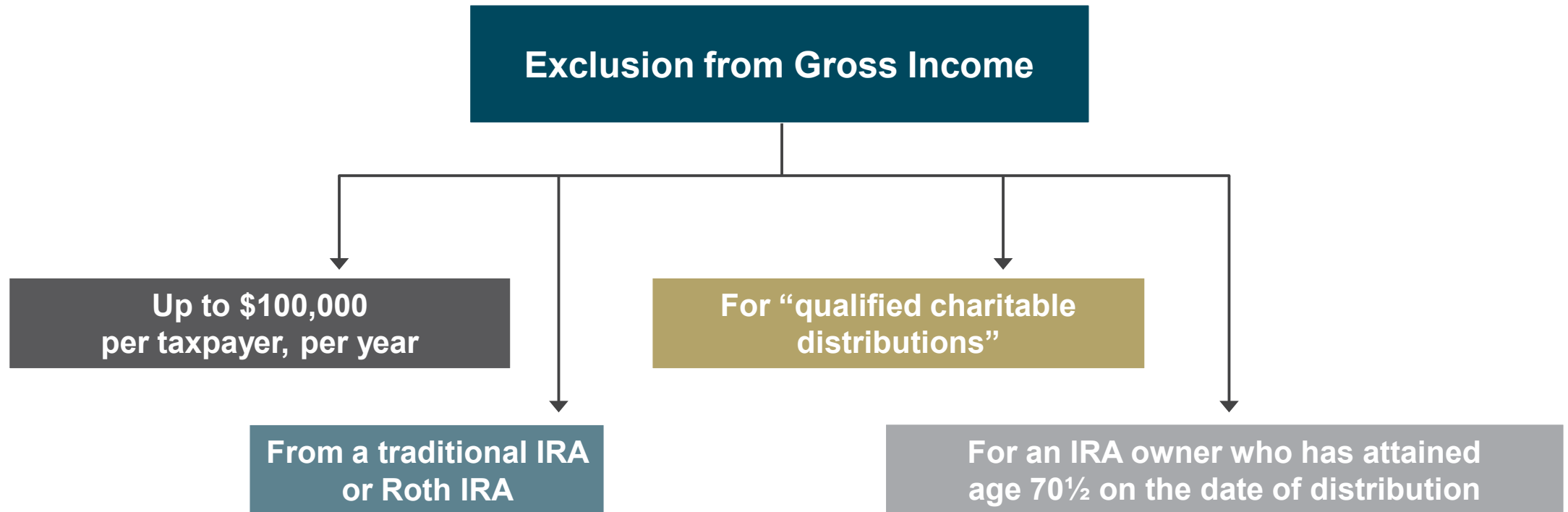
That means you can still deduct up to

60% of AGI for cash contributions

and

30% of AGI for gifts of appreciated property held over a year.

IRA Charitable “Rollover”



IRA Charitable “Rollover”

**Plans Not Eligible
to Make “Qualified
Charitable
Distribution”**

- 401(k)
- 403(b)
- Defined Benefit Plan
- Defined Contribution Plan / Profit Sharing Plan
- Keogh Plans
- “Ongoing” SEPs
- “Ongoing” SIMPLEs

Note: QCD can be made from inactive SEP or SIMPLE (Notice 2007-7)

Change to Qualified Charitable Distribution (QCD) Rules

- Qualified charitable distribution (QCD) – the 70½ rule still applies for QCD purposes
- Under SECURE Act, an individual who is still working and had earned income can make a tax deductible contribution to an IRA after age 70½.
- Under SECURE Act any QCD must be reduced by the tax deductible contribution made to the IRA after age 70½ . Must reduce the QCD for ALL tax deductible IRA contributions made after ago 70½.

Example:

Person over 70½ makes tax deductible contributions to an IRA in 2020, 2021 and 2022 but makes no QCD during those years.

He makes a QCD in 2023.

He must reduce the QCD by the amount of the tax deductible IRA contributions he made in 2020, 2021 and 2022.

Thank You!

Disclosure Appendix

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