



JUST SAY NO – TO CHARITY?



“You’ll get nothing and like it!”

— *Ted Knight as Judge Smalls in [Caddyshack](#)*

Most estate plans that have my fingerprints on them make minimal reference to charity and the less fortunate. You may be asking yourself if it was me who penned the questions, “Are there no workhouses? Are there no prisons?”

There are often many good reasons to “Just say no!” to naming charity in your will and trust. If you are still reading this, possibly in disbelief, let’s enumerate why you may be advantaged by this seemingly heartless, Scrooge-like advice.

1. Perhaps you should consider making gifts to charity during your lifetime. Good things generally happen when you personally make gifts while you are living. For example, your income tax bill goes down because you can deduct the charitable gifts. If you are subject to state and/or federal estate taxes, the benefits of being charitable now are even greater.

2. Rather than naming charity in your will or trust, consider giving some or all of your retirement accounts to charity. If you leave a \$100,000 IRA at your passing to your son, he will only pocket a fraction of the \$100,000 because he owes federal – and probably state – income taxes on every dime he withdraws. But if you gift your IRA to your favorite charity, the charity is income tax exempt, so the charity can put the full \$100,000 to good use. Your wealth goes further, and the world is a better place because of you. Your IRA assets left to charity bypass all state and federal income taxes as well as all state and federal estate taxes. You can also gift up to \$100,000 of an IRA directly to charity while you are living, if you are over age 70 1/2.

3. Giving appreciated stock, if it’s held over one year, is wiser than gifting cash or that same stock in your testamentary planning. Gifting stock during your lifetime means you may enjoy an immediate

income tax deduction for the full value of the gifted stock. You also get to skip the state and federal capital gains tax toll booths, which can consume up to 30% of your gain.

4. Gift now to your private foundation or donor advised fund. The tax savings may be immediate, and you can make future charitable gifts from these accounts.

5. Giving during your lifetime is more fun for you and makes you healthier. Multiple studies show that giving to others lowers your stress and makes you happier. Seeing your wealth benefit others is probably more personally rewarding than seeing your balance sheet increase. Research also suggests that the more generously you give, the more financially successful you become. (Yes, you read that correctly.)

So consider eliminating gifts to charity if those gifts occur only after you have departed this fine place. You undoubtedly remember how joyous Ebenezer Scrooge became when he realized benefitting mankind was his business. So lower your current income tax liability, gift prudently and generously now, and be even healthier and happier for it.



Ted Knight as Judge Smalls in [Caddyshack](#)