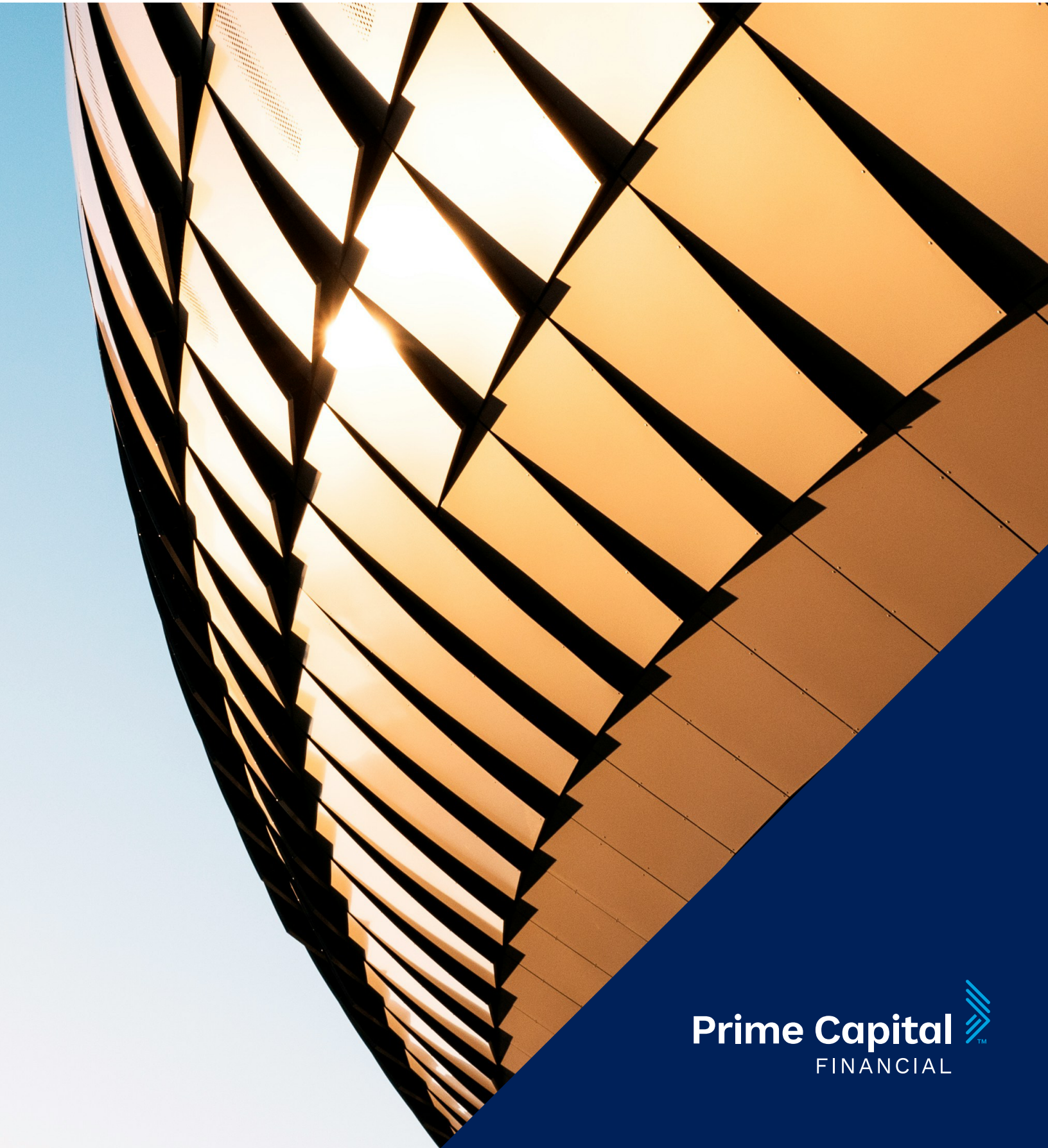
# Year-End Giving

## Create a Lasting Impact



Prime Capital™
FINANCIAL

## Working Towards Maximizing Your Legacy and Minimizing Your Tax Burden

Whether you're approaching retirement, managing generational wealth, or simply seeking to align your financial goals with your values, year-end giving offers an opportunity to combine purpose with planning. For retirees, Required Minimum Distributions (RMDs) can introduce bothobligation and opportunity. Withdrawals are mandated, taxable, and sometimes larger than what's needed for daily living. For younger investors and families, planning early for tax-efficient giving can establish habits that compound financial and philanthropic impact over time.

At Prime Capital Financial, we believe every client deserves access to sophisticated tax advisory services that not only address today's financial realities but also align with their life's ambitions. Qualified clients who work with a Prime Capital Financial advisor can partner with ourtax advisory team to execute advanced strategies in business accounting, individual and entity taxation, wealth preservation, and strategic planning. Whether navigating RMD rules, structuringcharitable gifts, or preparing for generational wealth transfers, we help you reduce unnecessary tax exposure and maximize the lasting impact of your giving.

Already have a giving strategy in place? Let us help you optimize your plan.

**Call us at 800.493.6226.**

## Why Should You Give

There are many reasons why you may choose to give. Whether it's gratitude for the opportunities you had to succeed, a desire to strengthen your community, or a commitment to leaving a lasting legacy, charitable giving is one of the most meaningful ways to align your wealth with your values. Below are just a few examples of why people decide to donate some orall of their wealth.

- Inspire future generations by modeling generosity and thoughtful stewardship of wealth.
- Unlock meaningful tax advantages while making a difference for causes you care about.
- Advance your charitable vision and, in some cases, generate an income stream in the process.
- Stay connected to the issues and organizations that matter most to you.

*Did you know that, in 2023, individuals contributed an estimated $374 billion to charities?*



## Giving Is for Everyone

Charitable giving spans every generation, from Millennials just beginning to build wealth to BabyBoomers and the Silent Generation looking to make a lasting impact. While each age group brings unique motivations and methods, their collective generosity drives meaningful change across communities.

According to data from Kindnessfp.com, approximately 60% of Millennials, 59% of Gen Xers, 72% of Baby Boomers, and an impressive 88% of the Silent Generation give to charitable causes each year.[1]

Despite differences in how they give, several types of organizations consistently unite donors across multiple generations, including:

- Faith-based institutions and places of worship
- Animal rescues and welfare organizations
- Children's charities
- Local social service groups

Philanthropy looks different for everyone, but the motivation remains the same: to make a positive, lasting impact on the people and causes that matter most to you.

## Understanding Required Minimum Distributions (RMDs)

What are RMDs, and why do they matter for your taxes?The IRS requires retirees to begin withdrawing a portion of their tax-deferred retirement accounts once they reach age 73. The RMD age will increase to 75 starting in 2033. This applies to individuals born in 1960 or later.

These withdrawals are called Required Minimum Distributions (RMDs) and are calculated basedon your account balance and life expectancy. RMDs are treated as ordinary income and taxed accordingly, which can significantly increase your annual tax liability. Missing an RMD entirely can also result in steep penalties, making timely withdrawals critical. Beyond taxes, RMDs may push you into a higher income bracket, raise your Medicare premiums, and cause a larger portion of your Social Security benefits to be taxed.

For retirees who already have sufficient income from other sources, these required withdrawals can feel more like a financial burden than a benefit. The good news? With thoughtful planning and charitable giving strategies, you can turn this obligation into an opportunity for both tax efficiency and lasting impact.

Want to learn more about RMDs?
Get the facts fast in this video.

*Key points to remember:*

- *RMDs are taxed as ordinary income.*
- *Failure to take an RMD may result in significant penalties.*
- *RMDs can push you into a higher tax bracket, affect Medicare premiums, and increase taxation on Social Security benefits.*

## Charitable Giving Can Complement RMDs

### How can charitable giving reduce taxes in retirement?

As retirement begins, many people find themselves reflecting on the life they've built and the impact they still want to make. After years of saving and planning, it's natural to want your financial assets to serve a purpose, whether that means supporting your community, your place of worship, or a cause close to your heart.

At the same time, retirees often face a new challenge: Required Minimum Distributions (RMDs).Once you reach age 73, the IRS requires you to begin withdrawing a portion of your tax-deferred retirement accounts each year. These withdrawals are counted as ordinary income, which can push you into a higher tax bracket, increase Medicare premiums, and even cause a greater portion of your Social Security benefits to be taxed.

That's where charitable giving can transform an obligation into opportunity. By incorporating philanthropy into your financial plan, you can help reduce the tax pressure from RMDs while creating a lasting legacy for the organizations you value most.

One particularly effective way to do this is through a Qualified Charitable Distribution (QCD). Forindividuals age 70½ or older, a QCD allows you to transfer up to $100,000 per year directly fromyour IRA to a qualified charity. Because the money goes straight to the organization, it never enters your taxable income, lowering your Adjusted Gross Income (AGI) and, in turn, potentially reducing the taxes you pay on Social Security and your Medicare premiums.

QCDs can be especially valuable for retirees who don't itemize deductions. Even if you take the standard deduction, you can still create a meaningful tax benefit through a QCD, something thatisn't possible with traditional charitable donations.

When you align charitable giving with your broader retirement plan, the benefits extend far beyond taxes. It's about turning your financial assets into something deeply personal, using what you've earned to support what you believe in.

**Charitable giving in retirement can help you:**

- Offset taxable income and manage RMD obligations
- Reduce capital gains exposure through strategic asset donations
- Support meaningful causes that reflect your values
- Lower your AGI through direct IRA-to-charity transfers (QCDs)
- Leave a legacy of purpose and generosity for the next generation

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*According to Giving USA's annual report, U.S. charities received $592.5 billion in 2024, a 6.3% increase from 2023.[2]*

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## What Are Some Tax-Smart Charitable Giving Strategies?

Every individual's financial journey is different, shaped by career milestones, family goals, and personal values. That's why charitable giving should be deeply personal and as intentional as the rest of your financial plan. Whether you're approaching retirement, navigating a business sale, or building wealth early in your career, understanding how and when to give can help you maximize both your impact and your tax efficiency.

Working closely with your financial advisor allows you to match the right strategy to your circumstances, from simple cash gifts to complex, long-term planning solutions that can extend your legacy far beyond this year's tax season. Below are six different strategies to consider:

## 1. Cash Donations

Sometimes, simplicity is the best starting point. Cash donations remain the most flexible and straightforward way to give. You can direct support to a favorite nonprofit, respond quickly to community needs, or make year-end gifts that reduce taxable income.

Depending on your filing status and whether you itemize deductions, cash gifts to qualified charities may be tax-deductible. For retirees, cash donations can offset income from Required Minimum Distributions (RMDs). For younger investors, they can help establish a habit of generosity early, and one that compounds in both personal and financial value over time.

## 2. Gifting Appreciated Assets

While writing a check may feel like the easiest way to get your dollars directly to your chosen charity, it's not always the most efficient way to give.

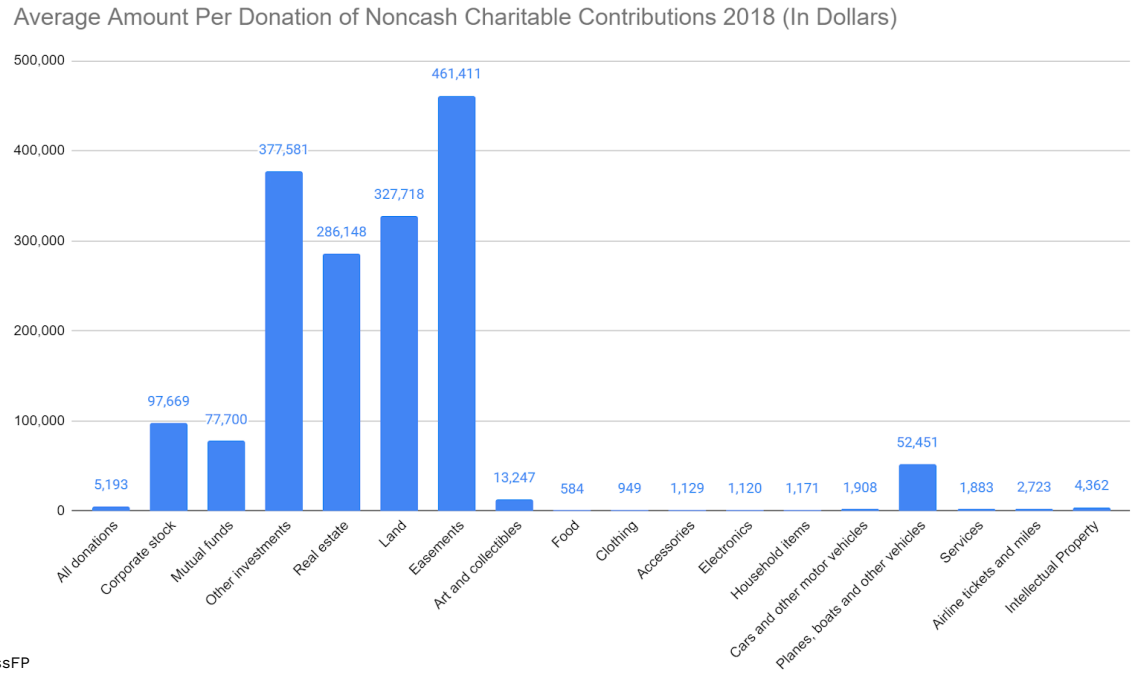
Many people hold investments or property that have grown substantially in value, and those assets can be powerful charitable tools.

Donating appreciated assets allows you to support causes you care about and potentially avoid paying capital gains taxes on the appreciation. When given directly to a qualified charity, you can typically claim a deduction for the asset's fair market value at the time of the gift, meaning more goes to charity, and less goes to taxes.

**Examples of appreciated assets include:**

- Publicly traded investments such as stocks, bonds, or mutual fund shares held for more than a year.
- Life insurance policies that are no longer needed for their original purpose.
- Privately held assets such as family business interests, restricted company stock, or real estate holdings.

For non-publicly traded or complex assets, an independent qualified appraisal is required to establish fair market value, to make sure your deduction is properly documented. Below is a graph demonstrating the noncash charitable contributions from 2018.




Source: KindnessFP

## 3. Designating Retirement Accounts to Charity at Death

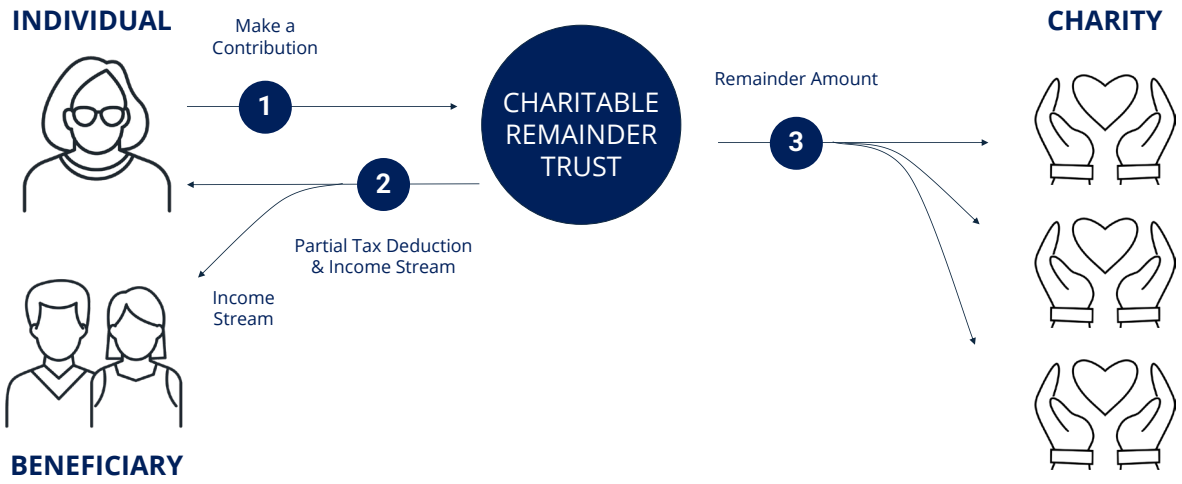
Traditional IRAs and 401(k)s can be surprisingly tax-inefficient assets to leave to heirs, since distributions are fully taxable to beneficiaries. However, these same accounts can be highly effective charitable vehicles when used thoughtfully.

By naming a charity as a full or partial beneficiary of your retirement account, you can eliminate future taxation on those funds and create a legacy that reflects your personal values. This approach can help make sure every dollar goes directly toward the organizations or missions you care about most.

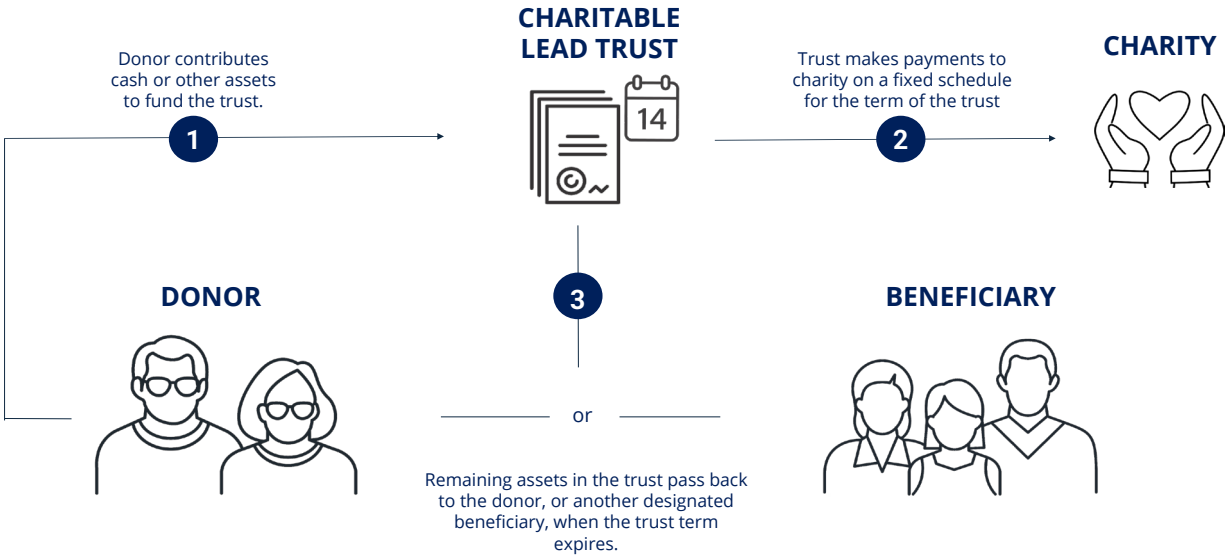
## 4. Charitable Trusts, Donor-Advised Funds, and Foundations

For families who want to structure their giving with long-term purpose, charitable trusts, donor-advised funds (DAFs), and private foundations offer flexible ways to align philanthropy with financial planning. These vehicles allow you to contribute assets today, receive potential tax benefits, and create a legacy that supports the causes you care about most.

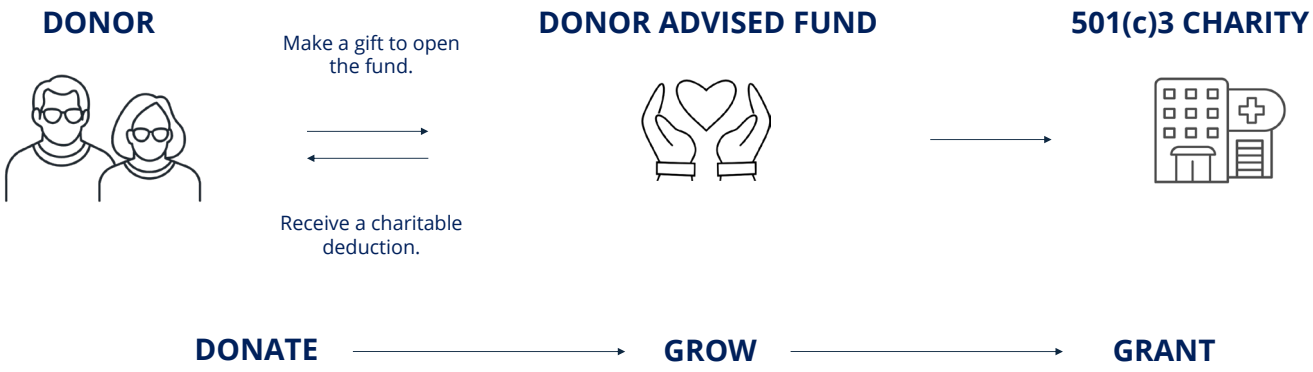
**Charitable Remainder Trust (CRT):** A CRT allows you to donate assets and receive a steady income stream for life or a set number of years. At the end of that term, the remaining assets are directed to your chosen charity. This structure can be effective for individuals with highly appreciated assets, as it could help reduce capital gains taxes while providing ongoing income.



**Charitable Lead Trust (CLT):** A CLT works in the opposite direction; the charity receives income from the trust for a specified period, and when that term ends, the remaining assets pass to your heirs. This approach can help reduce estate and gift taxes while maintaining your wealth benefits to both your family and your philanthropic priorities.




Donor-Advised Funds (DAFs) and private foundations offer additional flexibility. With a DAF, you can make a tax-deductible contribution now and recommend grants to charities over time. Private foundations allow for more control and involvement, often supporting multigenerational giving and family governance around philanthropy.

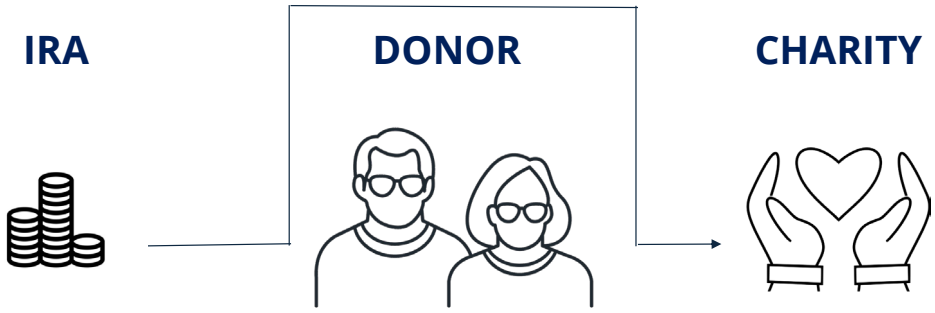


## 5. Qualified Charitable Distributions (QCDs)

Again, for individuals age 70½ or older, QCDs can be one of the most efficient ways to give. A QCD allows you to transfer up to $100,000 per year directly from your IRA to a qualified charity. The transferred amount counts toward your RMD (if applicable), but is excluded from taxable income, lowering both your adjusted gross income and potential Medicare premiums. QCDs areparticularly powerful because they blend philanthropy with practical tax management.
**Note: a QCD can only come from an IRA, not a 401(k).**

### How a QCD Works

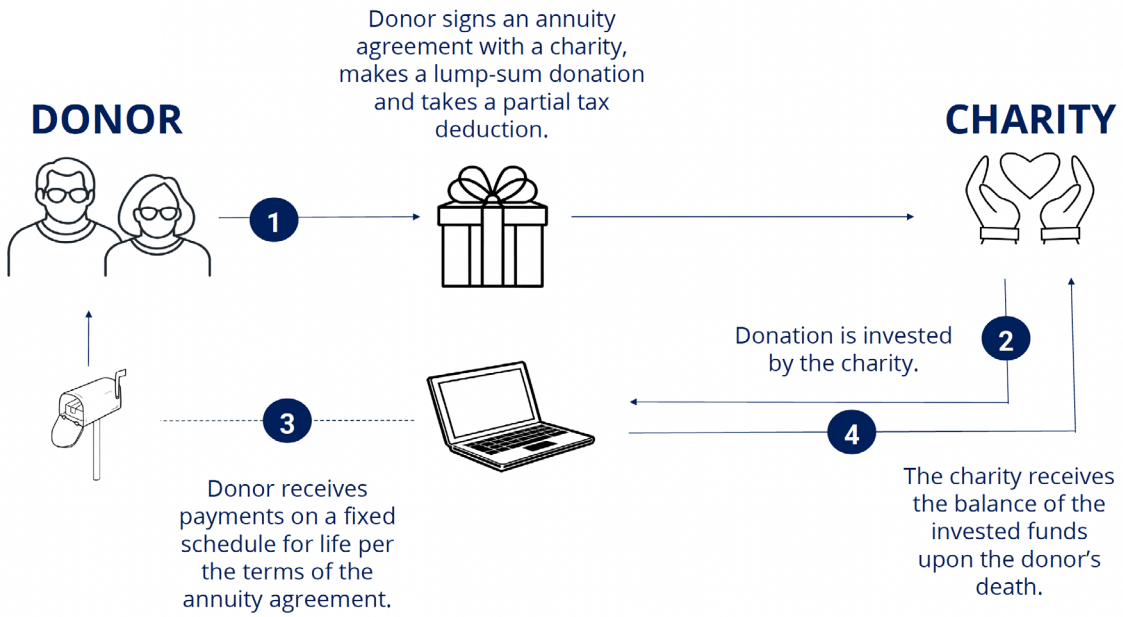
If you instruct your IRA administrator to make a distribution directly to a charity, you may satisfy some or all of your RMD without adding to your taxable income, **up to $108,000** per individual in 2025.



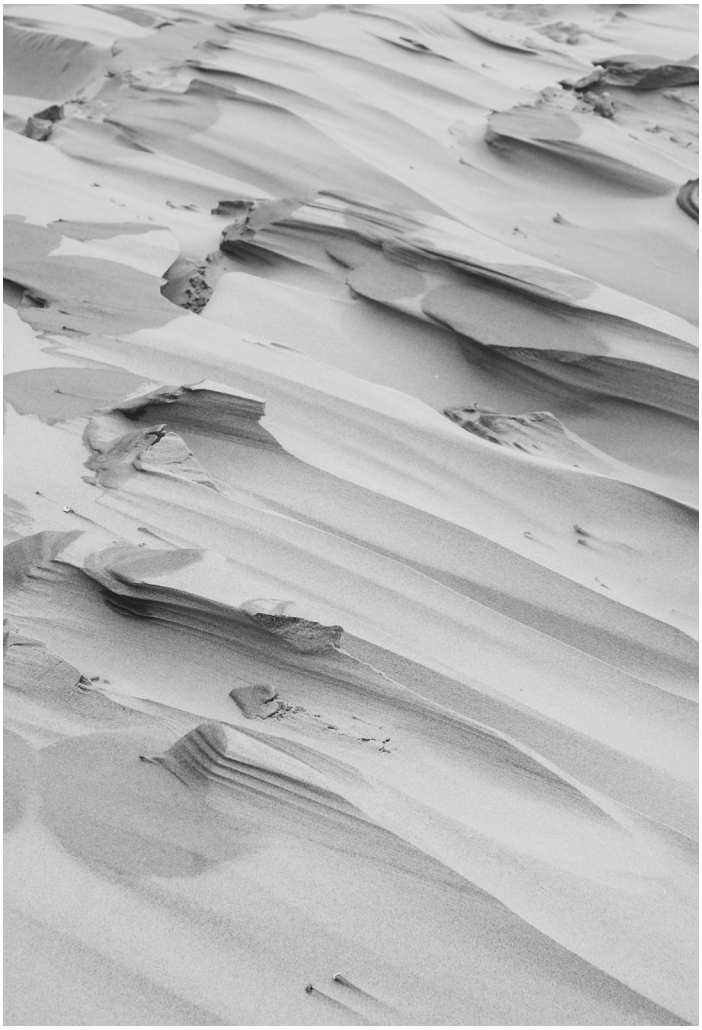

## 6. Charitable Gift Annuities (CGAs)

For individuals seeking to combine philanthropy with predictable income, a Charitable Gift Annuity (CGA) can be an effective solution. With a CGA, you make a gift of cash or appreciated assets to a qualified nonprofit in exchange for a fixed lifetime income stream. The amount of your payment depends on factors such as your age and the size of your contribution.

Part of the gift may qualify for an immediate charitable deduction, and a portion of each payment you receive may be tax-free for a set period. After your lifetime, the remaining balance supports the charity you've chosen, allowing you to create impact while maintaining financial stability.




These are just six of the several ways you can give. Your giving strategy should reflect both your goals and your life stage. Consulting with your advisor can provide a valuable perspective on how different charitable approaches fit within your overall plan, allowing you to give intentionally while keeping your long-term objectives in focus.



## Looking Ahead: The 2026 Tax Landscape

The One Big Beautiful Bill (OBBB), signed into law on July 4, 2025, primarily extends and modifies provisions from the 2017 Tax Cuts and Jobs Act (TCJA), with several changes affecting charitable giving and related tax incentives starting mainly in the 2026 tax year. These adjustments aim to broaden access to deductions for some donors while introducing limits that could reduce benefits for others, potentially influencing overall donation levels and strategies.

Here is a breakdown of some of the key provisions of the OBBB that directly and indirectly affect charitable giving:

## Changes for Non-Itemizers

One of the most significant updates is the reinstatement of an above-the-line deduction for cash donations to qualified 501(c)(3) public charities, making it available to taxpayers who take the standard deduction (which applies to about 90% of households under the extended TCJA rules).

- **Deduction Limits:** Starting in 2026, single filers can deduct up to $1,000, while married couples filing jointly can deduct up to $2,000. This is not indexed for inflation.

- **Exclusions:** It applies only to cash gifts and excludes donations to donor-advised funds (DAFs), private non-operating foundations, or certain other entities.

- **Tax Impact:** This effectively reduces taxable income without requiring itemization, providing a modest incentive for middle-income donors who might not otherwise qualify for charitable tax breaks. It echoes a temporary $300 deduction from the 2020–2021 CARES Act, which was widely used and could encourage broader participation in giving. However, the low cap means it may not significantly boost large-scale donations.

## Changes for Itemizers

For those who itemize deductions (typically higher-income households), the bill retains and refines some TCJA benefits but adds new restrictions that could diminish the overall tax value of charitable contributions.

- **AGI Limits:** The deduction for cash contributions to public charities remains at up to 60% of adjusted gross income (AGI), permanently extended from the TCJA (previously set to revert to 50% after 2025).

- **Standard Deduction Increase:** The standard deduction rises to $15,750 for singles and $31,500 for joint filers in 2025, indexed for inflation thereafter. This makes itemizing less common, as fewer people will exceed these thresholds with their deductions (including charitable ones).

- **New Caps and Floors:**
  - Effective 2026, the tax benefit from itemized charitable deductions is capped at 35% for taxpayers in the top 37% marginal tax bracket (e.g., a $1,000 donation saves $350 in taxes instead of $370).
  - An AGI floor requires that only contributions exceeding 0.5% of AGI are deductible (e.g., a household with $300,000 AGI can only deduct amounts above $1,500).

- **SALT Deduction Adjustment:** The state and local tax (SALT) deduction cap increases to $40,000 starting in 2025 (phasing out for incomes above $500,000), which could indirectly help more people itemize and thus claim charitable deductions.

- **Tax Impact:** These changes may reduce the after-tax savings from giving for high earners, potentially discouraging smaller or more frequent donations. Donors might respond by “bunching” multiple years’ worth of gifts into a single year to surpass floors and maximize benefits, or by accelerating donations into 2025 to avoid the new limits. Overall, while the 60% AGI cap supports large gifts, the caps and floors could lead to a net decrease in tax incentives for affluent donors.



## Corporate Charitable Deductions

Corporations face a new floor on deductions: Starting in 2026, they can only deduct contributions exceeding 1% of taxable income.

- **Tax Impact:** This might encourage companies to increase giving to meet the threshold, but it could also limit deductions for those with lower donation levels relative to income, potentially shifting corporate philanthropy toward larger, more strategic gifts.

### Other Related Provisions

- **Education-Focused Tax Credit:** Beginning in 2027, a new credit of up to $1,700 per taxpayer is available for donations to organizations funding K–12 school vouchers or scholarships for private/religious schools. This is open to all filers (itemizers or not) and could divert some charitable dollars toward education-specific causes.

- **Estate and Gift Tax Exemption:** The federal exemption increases to $15 million in 2026 (indexed for inflation), exempting nearly all estates from taxes. This emphasizes lifetime giving for tax deductions, as charitable bequests remain fully deductible.

- **University Endowments:** Tiered taxes (1.4%–8%) on large university endowment earnings (e.g., over $2 million per student) may incentivize donors to give unrestricted funds to annual operations at affected schools to help offset these taxes.

## Overall Effects on Charitable Giving and Incentives

The OBBB expands tax benefits to non-itemizers, which could increase participation from everyday donors and stabilize or modestly grow overall giving levels. However, for high-income individuals and corporations, the new caps, floors, and reduced benefit values might weaken incentives, leading to a potential decline in donations from these groups—similar to how the original TCJA's standard deduction hike was linked to a 2–4% drop in charitable giving in 2018. Professionals recommend strategies like using appreciated assets for gifts (to avoid capital gains taxes), DAFs for bunching, or qualified charitable distributions from IRAs for those individuals over 70½ years of age. The net impact on total U.S. charitable giving (which exceeded $500 billion in 20242) remains uncertain and will depend on economic factors and donor adaptations. For personalized advice, consult a tax professional, as these rules can interact with state taxes and individual circumstances.

## Case Studies - Based on Hypothetical Clients

### Case Study #1

**The Situation:** A couple in their 50s decided to donate $37,000 in cash to their church, well above their usual 10% annual giving. The contribution was meaningful to them, but shortly afterward, an unexpected financial emergency came up.

**The Strategy:**
Their advisor recommended preserving their cash reserves for liquidity and instead selling a portion of their investment holdings that had been owned for more than a year. This approach allowed them to access funds efficiently while realizing gains at the long-term capital gains tax rate. To enhance future giving, the advisor also suggested contributing appreciated mutual fund shares to a Donor-Advised Fund (DAF) beginning the following year. This strategy would allow the clients to take a deduction in the year of contribution, while maintaining flexibility in how and when they distribute gifts to their church and other charities.

**The Result:**
By liquidating a portion of their non-IRA holdings, the clients were able to rebalance their portfolio and capture profits from investments that had performed well. They preserved their recommended emergency fund, maintained ongoing monthly contributions to their investment account, and established a more favorable cost basis on new purchases. Moving forward, their annual giving strategy will include donating appreciated assets to their DAF, which will enable them to claim tax deductions in the year of the gift while giving immediately or deferring contributions to future years.

### Case Study #2

**The Situation:** A 71-year-old male client, recently retired and now working part-time, gives $10,000 in charitable donations each year to organizations he deeply values.

**The Challenge:** The additional part-time income increased his taxable portion of his Social Security income from50% to 85%.

**The Strategy:** His advisor recommended that he make annual charitable contributions using a Qualified Charitable Distribution (QCD) from his IRA. This approach would satisfy a portion of his Required Minimum Distribution (RMD) for the year while excluding the donation from taxable income.

**The Result:** By directing his charitable giving through a QCD, the client effectively offset the income from hisnew part-time job. As a result, the taxable portion of his Social Security benefits decreased from85% back to 50%.

The strategy allowed him to maintain his charitable commitments, reduce his overall tax liability, and simplify his retirement income plan, all while continuing to support the causes most meaningful to him.

These case studies are hypothetical and do not represent any clients or client experiences. These case studies were developed to illustrate a potential strategy, not to guarantee a specific outcome. Your experience with our firm can and will most likely differ from what is illustrated in these case studies.

## Annual Checklist: Aligning Giving With Your Financial Goals

Whether you're building wealth, raising a family, or planning for retirement, year-end is the perfect time to review how your charitable giving fits into your overall financial plan. Here's a checklist to help you stay intentional about giving and tax efficiency every year:

- **Review your income sources and tax exposure.**
  Consider RMDs, bonuses, or capital gains to fund charitable gifts in a tax-efficient way.

- **Evaluate how you give.**
  Decide whether cash, appreciated assets (like stock, real estate, or crypto), or a donor-advised fund makes the most sense for your goals.

- **Revisit your charitable priorities.**
  Confirm that the organizations you support still align with your personal or family values and that your giving plan reflects what matters most to you.

- **Assess your tax strategy.**
  Work with your advisor or tax specialist to determine whether itemizing deductions or leveraging Qualified Charitable Distributions (if eligible) provides greater benefit.

- **Review estate and beneficiary designations.**
  Make sure your retirement accounts, trusts, or foundations reflect your current wishes and legacy plans.

- **Track and document your gifts.**
  Keep accurate records for tax reporting and future planning.

- **Schedule an annual giving review.**
  Revisit your charitable and tax strategies each year to adapt to changes in income, family circumstances, or legislation.



## Frequently Asked Questions AboutYear-End Giving, RMDs and Tax Planning



Every individual's financial journey is different, shaped by career milestones, family goals, and personal values. That's why charitable giving should be deeply personal and as intentional as the rest of your financial plan. Whether you're approaching retirement, navigating a business sale, or building wealth early in your career, understanding how and when to give can help you maximize both your impact and your tax efficiency.

1. **How can charitable giving reduce my taxes?**

   Charitable giving can help lower your taxable income, capital gains exposure, and provide itemized deductions if you qualify. Depending on how you give, you may also gain long-term planning advantages that align with your overall financial goals.

2. **What is a Qualified Charitable Distribution (QCD)?**

   Charitable giving can help lower your taxable income, capital gains exposure, and provide itemized deductions if you qualify. Depending on how you give, you may also gain long-term planning advantages that align with your overall financial goals.

3. **What if I don't take my Required Minimum Distribution (RMD)?**

   If you're subject to RMDs and fail to take the required amount, the IRS may impose a penalty of up to 25 percent of the amount not withdrawn. Our team can help calculate and schedule your RMDs accurately so you can avoid unnecessary penalties.

4. **What are the most tax-efficient ways to give at any stage of life?**

   Younger investors might focus on donating appreciated assets such as stock, real estate, or cryptocurrency to avoid capital gains taxes. Families can use donor-advised funds or charitable trusts to build multigenerational giving habits. Retirees can leverage RMDs or QCDs to fulfill charitable goals while reducing taxable income.

5. **How do charitable gifts affect other parts of my finances?**

   Charitable strategies can influence cash flow, Medicare premiums, Social Security taxation, andeven estate planning. Coordinating your giving with your advisor or tax specialist can help strengthen your overall financial picture.

6. **When should I start planning my giving and tax strategy?**

   The short answer is right now. Planning ahead for a bonus, a liquidity event, or future RMDs cangive you more flexibility and potential tax advantages. A proactive review with your advisor eachyear can help to make sure your giving strategy stays aligned with your life and goals.



## Frequently Asked Questions AboutYear-End Giving, RMDs and Tax Planning

Whether you're managing RMDs, navigating a business sale, or simply exploring how your wealth can do more, thoughtful planning can help transform obligation into opportunity. Strategicgiving not only reduces your tax burden, but it can empower you to make an impact that lasts.

***The key is action.***

Review your financial picture, explore charitable strategies that align with your goals, and start putting them into motion before year-end. Every decision is an opportunity.

Don't let your financial obligations define your story. Take control of them and put them to work for what matters most.

**Call us at 800.493.6226.**

Sources:
1 Appel, E. (2022, June 13). Charitable Giving Statistics in 2025. Kindness Financial Planning. https://kindnessfp.com/charitable-giving-statistics/
2 Kalugyer, A.D. (2025, June 24). Giving USA 2025: U.S. charitable giving grew to $592.50 billion in 2024, lifted by stock market gains.
https://givingusa.org/giving-usa-2025-u-s-charitable-giving-grew-to-592-50-billion-in-2024-lifted-by-stock-market-gains/

## About Prime Capital Financial

At Prime Capital Financial, we help clients align their wealth with purpose. Our comprehensive and integrated approach to wealth management, tax strategy, and financial planning empowers individuals, families, and businesses to make confident decisions and create lasting impact.

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