GivingTuesday Year-end tips to maximize your impact

Webinar Transcript

MEGAN WOLFER: Hello, and welcome to today's special presentation, Giving Tuesday 2024-- year-end tips to maximize your impact. My name is Megan Wolfer. And today, we are talking about a topic that is honestly very near and dear to my heart, which is giving back. This conversation is even more meaningful today because today is Giving Tuesday, which is a global day for celebrating generosity. Now, I have experts joining me from Fidelity and Fidelity Charitable, and we just want to start by saying thank you for taking time out of your day to join us. We have a really packed agenda today, so we might not be able to answer all of your questions live. But not to worry. We've incorporated many of your questions from registration into today's conversation.

Now, before we begin, I'd like to mention that Fidelity and Fidelity Charitable do not give tax or legal advice. And nothing we discuss today should be interpreted as tax or legal advice. The information we are providing is going to be general in nature, and it may not be applicable to your situation. If you have tax or legal questions about your specific situation, we encourage you to talk to your tax professional or attorney.

All right, let's dig in. As I mentioned, my name is Megan Wolfer. And I'm a director on the Enterprise Community Relations team here at Fidelity Investments. Community Relations is a connector and a convener to the community and to our firm and our associates. We create meaningful community partnerships so that we can jointly address gaps in access and opportunity, which disproportionately affect underserved communities. We believe in a future where everyone is empowered to shape their financial futures and improve their lives.

Through the Fidelity Cares Employee Volunteer Program, we foster ways to engage associates and leverage their skills and their passions and their talents to drive tangible impact in communities across the firm. We often say that, at Fidelity, giving back isn't what we do. It's part of who we are. If you're a Fidelity associate and you'd like to learn more about volunteer opportunities in your local community, please check out the Volunteer Programs link in the Community section of Fidelity Central.

Now, I've had the pleasure of working with both of our very talented speakers today, and I'm excited to introduce you to them now. So let's get started. Elizabeth, could you kick us off and introduce yourself and share a little bit about your work?

ELIZABETH HARNISCH: I'd be happy to. And Happy Giving Tuesday to everyone. My name is Elizabeth Harnissch. I'm a director in our Philanthropic Consulting Group here at Fidelity. My team provides customized philanthropic guidance, insights, and solutions to individuals, families, and institutions to help create more meaningful impact. We have deep expertise, about 40 years combined experience in the philanthropic sector, and we have the privilege of working alongside Fidelity advisors to provide even more value to our Fidelity customers.

I've personally worked in the philanthropic sector for almost 15 years. And I really do love helping clients with everything from creating a strategic giving plan to the nonprofit research.

MEGAN WOLFER: Excellent. And you, Natasha?

NATASHA O'YANG: Hi there, everybody. Happy Giving Tuesday. My name is Natasha O'Yang. I'm a Regional Vice President with Fidelity Charitable. Fidelity Charitable is an independent public charity with a donor-advised fund program. I'm also a chartered advisor in philanthropy.

In my role, I help financial professionals and clients understand the power of smart, charitable strategies as a part of their larger goals and plans so that they can give more to their favorite causes. And in my former life, I used to act as a financial professional, helping individuals achieve their goals, with philanthropy playing an important role.

MEGAN WOLFER: Thank you Natasha. It's great to have you both. As I mentioned, today is Giving Tuesday, a global day of giving that celebrates giving around the globe and supports the realization that we all have gifts to give to make an impact and to support nonprofits, whether it's with our time, our talent, or our dollars. Last year, $3.1 billion was donated to charitable causes on Giving Tuesday. Pretty incredible, right?

So to help inspire you to give back more effectively today and in this season of giving, we'd like for everyone to walk away with two things. First, we'd like you to walk away with an understanding of how to more effectively identify causes and charities to give to and, secondly, to gain insight into year-end donation strategies that can help you potentially maximize impact in 2024 tax benefits.

Now, Elizabeth, for you, specifically, one of the things that we often hear is that, between issues like the global hunger crisis, natural disasters, and illnesses that continue to circulate around the world, there are no shortages of causes to support. That said, it can often feel overwhelming to know how to even get started. What's the best way to identify causes to support or, in other words, how can we be grounded for purpose?

ELIZABETH HARNISCH: I love that you said grounded for purpose. So when my team works with donors, we like to take a values-based approach and encourage you to think about your philanthropy through the lens of four points-- so discovering your mission, creating an action plan, choosing the right nonprofit, and then amplifying your impact. So I'd encourage those that are on the call today to start by considering the following broad questions.

What experiences have had influence in your life? Did you receive a scholarship that afforded you the opportunity to gain an education? What values help drive your decision-making? Is it in equity, justice, or tradition. And then, what's important to you, and what's really meaningful in your daily life?

From there, can really start to narrow down and think about things like the causes that matter. So do you care about the arts, health, education, homelessness? And then consider geography and populations that you'd like to serve with your giving. Do you want to give locally, nationally, maybe globally? Do you want to help children, women, veterans, older, vulnerable populations?

It's also important to think about your approach. So take health care, for instance. It's really broad. So if you narrow that down and say you want to help support those with cancer, you might look at the different types of approaches. Is that cancer awareness? Is it helping those who have cancer get the treatment they need, support groups, integration back into normal life once you reach remission? Or is it medical research looking for a cure? And the good news is there's not a wrong answer here. And it can change throughout your life as you experience change. And we encourage our donors to revisit these types of questions from time to time.

MEGAN WOLFER: I love that. Thank you. It's a very thoughtful process to consider and can provide some rigor around giving, which is great. I think I'd like to take a minute to understand from our viewers, which of these approaches that you've used for your giving, if any. So let's head to a poll. Just a minute here.

It looks, according to our poll, you focus most on impact, but it's pretty close. So great to know. Elizabeth, I'd love to understand what this exercise helps uncover for you. Like, are there any stories that come to mind that could help people visualize this more?

ELIZABETH HARNISCH: Absolutely. So these exercises can really help you go from a place of like reactive giving to proactive. So instead of maybe giving because you saw a commercial, or maybe a friend or family solicited support to an organization they really care about, you can instead focus on being smarter with how you spend your giving resources. By defining your philanthropic mission, you make sure that your giving is truly rooted in your values.

And I worked with a family once where the matriarch came to us and said she felt like she had giving paralysis, which I thought was such an interesting term. The family had always been philanthropic. They gave. But she knew they had the capacity and wanted to do more. So we worked together with the family. And we talked about their values there and help them come together and articulate the difference that they wanted to make. And so it made it a lot easier and more meaningful for the family once they had that type of clarity.

MEGAN WOLFER: That makes so much sense. Thank you. So once you identify a cause area that's important to you, how do you identify the nonprofits doing the work in your preferred area and ensure that they're trustworthy?

ELIZABETH HARNISCH: That is such a good question and probably the question that my team gets most often. So especially when we see unexpected things happen, like natural disasters, we might not be familiar with all those organizations that are circulating in the media. So it's important to really not feel rushed and take time to do our homework. Because in a lot of circumstances, there are phases to recovery. And we can be really thoughtful about when and who we're giving to.

And there are a lot of tools out there to help you in those situations but also in the cause areas that you really care about, identify those nonprofits and make really informed decisions. Tools like Candid or Charity Navigator are great, but just keep in mind that those don't always give you the whole picture. You can also use an organization's website, review all the materials there. Many organizations also now offer annual reports, so you can really see what they're doing year over year.

And then people-- connecting with people is always a great resource. You can reach out to the organization and talk to somebody there. Or you can ask to even be connected to one of their donors and hear about their experience working with the organization. My team is another great resource. Philanthropic Advisors can conduct a lot of this research on your behalf. And fidelitycharitable.org, of course, is also a great tool and has lots of resources for you.

MEGAN WOLFER: Great. So once you have access to this information, what do you look for specific to the charity?

ELIZABETH HARNISCH: This is where those exercises that we talked about earlier can be really helpful. You can ask yourself first, what's the mission of the organization? What's their vision, and what are the values that they have? And do those align back with your values? What's the community that they're serving. And is that community reflected in their staff, in their volunteers, their leadership, and their board? And what is the financial health of the organization?

Our team finds it's helpful to look at things like their program-to-expense ratio. We also look for any spikes up or down in their revenue and their cash reserve. And if you see anything that doesn't really match your expectations, it can be really helpful to speak with the nonprofit to learn more. And if you do choose to engage with the nonprofit, you can ask how your support will play a role in supporting their programs and ultimately in fulfilling their mission. Nonprofits are the experts in their domain, so lean into their guidance, and don't be afraid to ask questions.

MEGAN WOLFER: I love that, Elizabeth, as you work with individuals and families on their giving strategies, are there any myths that you would debunk for us today?

ELIZABETH HARNISCH: Sure, I'll bring one up for us. One myth is that nonprofit overhead is a bad thing. So I actually think that overhead can be a great thing. As an example, overhead funding is what allowed so many organizations, both nonprofits and profitable companies alike, to continue doing their work through the pandemic. Also, nonprofits need to pay employees a competitive salary. We often hear people say that impact matters a lot to them. And if you want your organization to have impact, they need to attract and retain their talent. And part of that is paying them appropriately.

MEGAN WOLFER: Oh, I completely agree. Thank you, Elizabeth, I love how you're encouraging us to think more thoughtfully and strategically about where our giving dollars go, which is an exercise that we can use this year, of course, and beyond as well.

Natasha, I'd love to pull you into the conversation to help us uncover how best to give. So with an eye on the 12/31 deadline for potential tax benefits, are there opportunities that are now too late to take advantage of?

NATASHA O'YANG: Yes. Happy to jump in here, Megan. I'm sure many of you, including myself, are wondering, where did the year go? Yes, so now that we are in the last month of the year, there are unfortunately opportunities that are now too late to take advantage of, such as creating more complex giving vehicles, such as a private foundation or charitable trusts. Since those vehicles require legal documents and tax filings, it just wouldn't be feasible at this time of year.

Another opportunity that would likely be too late to take advantage of would be donating complex assets, such as private business interests from selling a business or donating non-publicly traded assets.

MEGAN WOLFER: Good to know. Well, what strategies is there still time left for?

NATASHA O'YANG: Yeah, there's still time to sit down and review or create your philanthropic goals, just like any other financial goal you have. Don't just consider the year end, but also consider whether you want to continue giving to charities through the next year or even beyond. And of course, knowing most folks are focused on moving the needle before year end, I think it makes sense to review the potential incentives for both those who itemize and those who take the standard deduction.

So if you itemize, and you're giving cash to a public charity, you have the ability to deduct up to 60% of your adjusted gross income or your AGI. If you're donating appreciated securities that you've held for longer than a year, you can deduct up to 30% of your AGI. When it comes to itemizing, the standard deduction for a single exemption this year is $14,600, whereas, it's $29,200 if you're married and filing jointly. There's also some increases slightly higher if you're over the age of 65 or if you have a disability or blind status.

In terms of strategies, I'd recommend thinking about three specifically. The big one is reviewing your holdings and thinking beyond cash. If you have long-term appreciated stock, including maybe company stock, it can be a prime asset to give, since you can minimize any tax of the growth and are able to give the full amount to the nonprofit. What's great about this is that the potential tax benefits-- there are potential tax benefits whether you itemize or take the standard deduction and can help you reduce concentration and diversify your portfolio. So it can really be a win-win.

I'd also consider a giving vehicle like a donor-advised fund, since you can open them often immediately. And it's a great way to separate the time frame in which you get that tax deduction versus that donation to charity. So it's not a fire drill at year end.

Lastly, if you are in a high-income year or struggling to exceed that standard deduction, I look at the bunching strategy if you can afford it. The strategy enables you to give multiple years up front, really maximizing tax incentives strategically and then subsequently taking this [INAUDIBLE] a few years.

MEGAN WOLFER: So helpful. Now, Natasha, many of us are pretty likely to reach for our wallets or checkbooks at year end. Can you walk us through an example of the value of donating stock?

NATASHA O'YANG: Sure. Let's take a look at this visual. And say you have stock worth $20,000. You purchased it, or maybe you inherited it years ago for $10,000. And now you're considering making multiple donations to various charities that total around that $20,000 mark, maybe not right now, but maybe over the next few years. And you're trying to understand, is it worth giving the stock directly or donating the cash?

So here's an example. Let's say you're in the highest income tax bracket. And as a result, you may be assessed on both federal capital gains at up to 20% and potentially a Medicare surtax of 3.8%. With the example on the screen, you can see that, once you factor the capital gains taxation, your donation to both the charity and for your deduction is lower when you compare donating the cash proceeds from the sale of that same stock versus taking that stock and donating it directly to a charity.

What you don't see on this slide-- little bonus here-- is the added benefit of being able to potentially reset a portion of the cost basis of your portfolio by either buying back that security or rebalancing the portfolio. So this can be a really simple strategy but have a really powerful impact when it comes to the way you give.

MEGAN WOLFER: That was super helpful. Thank you. Now, I heard you mention giving vehicles like donor-advised funds. Can you break down the concept of a giving vehicle like a donor-advised fund?

NATASHA O'YANG: Absolutely. So donor-advised funds are essentially a charitable investment account that's sponsored by a public charity. They allow donors a higher level of control of their philanthropy by empowering donors to donate it when it makes sense for them-- separate that time frame in which they recommend those distributions to their favorite causes through grant-making and, all the while, investing that balance in the meantime, potentially growing it and being able to grant out more to your favorite causes than the initial contribution.

This is really powerful because it helps you become more thoughtful with who you give to whether it's your local food bank, your house of worship, your alma mater. It can really provide time to do that due diligence that Elizabeth described earlier, rather than feeling, again, a fire drill at year end when you're finally having time to sit down and dedicate a little bit of time toward planning and then going, who should I give to? So it also provides the potential to help you give more than what you would normally give if you're qualifying for additional tax benefits and seeing your granting impact over time.

MEGAN WOLFER: Such a smart and powerful way to give. Thank you for that. Now, you mentioned that it might not be too late to open a DAF and also to donate stock. Is that accurate?

NATASHA O'YANG: That's right. So at Fidelity Charitable, opening a Donor Advised Fund account online is simple. And we accept publicly traded stocks from Fidelity Investments oftentimes up until December 31. We wouldn't recommend it, but you could. Whereas, if stocks were held outside, you'll need to talk with your financial institution to see if they can ensure the assets being sent to Fidelity Charitable will arrive by that December 31 deadline.

MEGAN WOLFER: Great. That makes so much sense. So are there other ways that people can really make their giving dollars go farther?

NATASHA O'YANG: Of course. So the first piece is tap into matching campaigns, whether through private donors or through your employer, especially with so many being offered today, of all days, Giving Tuesday. I know it's also been annual enrollment season for many individuals, so also be sure to check your benefits portal to learn what's available to you. It's an easy way to maximize what you're already doing.

Additionally, for those that are already in retirement or over the age of 70.5, we always recommend you talk to a financial professional to see if a Qualified Charitable Distribution, also known as a QCD, is a good strategy for you versus utilizing appreciated stock from your portfolio. For those of you that are maybe not as familiar with the QCD, a QCD is essentially a strategy, of course, if you're eligible, to

make a tax-advantaged distribution from an IRA to fund your philanthropy that can also be a helpful way to fulfill those fun, required minimum distributions.
Lastly, while not a tax-incentivized opportunity, I'd be remiss not to mention the ability to share your passion of giving back with others during the holiday season. One way is through the Gift for Giving Program. If you have a donor-advised fund with Fidelity Charitable, you can give someone a set amount to use to support their favorite causes. And this is something that we do in our home. We use this every year with our niece to inspire her to give.
She's a recent grad. But we've been doing this for quite some time through her college years because college students-- many passions, not many dollars. But we're looking to support those traditions. So we like to give her a gift for giving each year, so that she can support her favorite causes. And when she comes home from breaks, when we meet for the holidays, it's just a great way to connect with her, to hear a little bit about the organization she supported this year, how she heard about them and, of course, what they do.
MEGAN WOLFER: I love that tradition with your niece. Thank you, Natasha. All of the strategies that you've highlighted can be very powerful. And it's great to know that there's still time. There's still time to take action. This brings us to our next and last poll question. So we'd love to know which of the following actions you plan to take by 12/31. There's quite a few options here, so we'll leave this up for just a minute.
One more minute. OK, drum roll please-- it looks like the winning vote is that you plan to use your existing donor-advised fund. Good for you. I'd love to hear it. I feel like we've covered so much today. Looks like we might have time-- let's see. Do we have time for one question here? Let's see. All right. I'd love to see if we can answer just one question submitted from the audience. Here's the first question.
What levels of charitable giving need to be documented with a receipt in order to benefit for tax purposes? It says, I've rarely kept receipts, thinking that my donations mostly don't equate to enough to matter for tax purposes. Can anyone answer that for us?
NATASHA O'YANG: Yeah. I'll jump in here. So it's always important to keep your giving documented if you itemize. You usually want to keep track of the organization's tax ID, the donation, and the amount you donated. If you don't itemize but give noncash assets, you'll want to ensure you've got documentation and potentially needing to file a Form 8283. This is where a giving vehicle like a donor-advised fund can really help you be more efficient with tracking, as you only need to keep a track of that one contribution that you make to your sponsor, like Fidelity Charitable.
MEGAN WOLFER: That makes sense. Thank you. OK, are we ready for question two? All right. Question two, it says, is it any different to give charitable funds at the beginning of the year versus the end of the year? Any thoughts on that?
ELIZABETH HARNISCH: Sure, I'll take this one. So typically, if you start giving at the beginning of the year, it'll give you more time to make informed decisions. And by giving earlier, you can also take

advantage of more complex strategies that could offer potentially higher benefits aligned with your financial moves and goals.

I'd also add that, on the nonprofit side, they typically appreciate when you're able to smooth out giving throughout the year. Many organizations run on a fiscal year versus a calendar year, so giving at different times can really make a difference to the organization as well.

MEGAN WOLFER: Makes so much sense. Thank you. Elizabeth, Natasha, you've given us a lot to consider. Would you mind sharing any key takeaways with us?

ELIZABETH HARNISCH: I'll start this one, and it's an easy one. I think giving should bring us joy. It is such a privilege to be able to give back in a way that matters to us, and it should feel good. It can become part of our lifestyle, how we raise our children, and how we interact with our friends. And it shouldn't feel overwhelming. So by asking yourself some of those small questions we talked about, you can approach your giving with intention. And in many ways, giving will become our legacy.

NATASHA O'YANG: Alrighty, I'll jump in here. So my takeaway is, don't let the market dictate your giving. Put yourself in the driver's seat when it comes to how you want to utilize the funds you've worked hard to save and grow over time. I mean, fingers crossed, I hope the market continues to do well. However, I want you to feel that you can support your favorite causes regardless of the economic environment. Your favorite charities are really going to need you the most in those downturns. So I can't stress more on working with a tax or financial professional to spend time on creating a plan that incorporates all of your goals, be it retirement, saving for a home, and, of course, your charitable giving, so you always feel empowered to do as you choose.

MEGAN WOLFER: Oh, I love that. I love that. Thank you. I want to say thank you to our panelists for spending time with us today and for sharing such great insights on how to maximize impact this year. I know today's tips can help you have more fruitful conversations with your families, your friends, your advisors, and to hopefully become a valuable framework for 2025. We'd love to encourage you to think of one tip to implement this giving season and to visit the resources on the screen for even more helpful tips.

Now, you can scan the QR code on the screen to learn more about an Ask-the-Expert series where you can learn about Fidelity Charitable and ask their team questions about the giving account. Lastly, we would love to hear from you. So we would really appreciate it if you could provide feedback on today's program. So please consider filling out a very short survey at the close of this session. Thank you, again, for joining us. And we look forward to speaking with you again soon.

TRANSCRIPT END

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