Giving investments to your family can be a great way to help introduce children to investing, providing an example of the power of compounding growth that can help encourage them to adopt a long-term growth mindset. (UBS)

Making sure we give to others, not just the IRS

25 September 2024, 5:08 pm CEST, written by UBS Editorial Team

Your hard-earned wealth is so much more than just numbers on a screen, and success is defined by more than simply growing that number. The giving season is an opportunity to focus on the people and causes that mean the most to you and your family, and a time to make sure that your gifts are able to create the most positive impact possible.

Here are a few strategies that you may want to discuss with your financial advisor and your tax advisor. Please also refer to our **2024 Tax fact sheet** for more information.

1. Give to your future self

Before giving to others, make sure that you are on track for meeting all of your own savings goals. Please check out our **Savings waterfall worksheet** to make the most of your savings dollars, and to make sure that you and your spouse are taking full advantage of all of your contribution options (and any match that your employer may offer).

2. Put stocks in stockings

Giving investments to your family can be a great way to help introduce children to investing, providing a concrete example of the power of compounding growth that can help encourage them to adopt a long-term growth mindset.

Giving appreciated stocks also allows you to give more than you could after realizing capital gains taxes, and may also give you a way to trim concentrated positions and reduce your unrealized capital gains taxes.

3. The gift of education

UBS

The 529 college savings plans have a special feature— known as accelerated gifting, or "front-loading"—that allows a family to contribute more than the annual exclusion amount by filing a gift tax return and electing to have the contribution treated as being made over a five-year period. Front-loading can help to remove the dollars—along with their future growth—out of the contributor's taxable estate and into the beneficiary's account, where growth will be tax deferred (and tax-free, as long as the funds are used for qualified educational costs or converted to a Roth IRA).

For more information on 529 giving, including the SECURE 2.0 Act provision that allows for a potential 529-to-Roth rollover, please see **529 College Savings FAQ**.

4. "Brady bunch" your donations

If you would like to make a very large donation this year in order to reduce your taxes, but you would like to stretch your charitable donations over more years rather than make a big one-time gift, you may want to consider using a Donor Advised Fund (DAF) or a private foundation. These vehicles can allow your family to make a charitable contribution—including appreciated securities—and keep these funds growing before they are eventually granted or donated.

Please see **Charitable giving: the rules of the road**, an excellent guide to effective charitablegiving strategies written by our esteemed colleagues in the UBS Advanced Planning Group, Family Office Solutions, andFamily Advisory and Philanthropy Services teams.

5. Use QCDs to donate efficiently

Qualified charitable distributions (QCDs) are another way that you can give to charities on a tax-efficient basis. If you are at least age 70½, you and your spouse (if they are also at least age 70½) may each donate up to $105,000 (in 2024) from your respective IRAs to one or more charitable organizations.

6. Give while you live

In 2024, an individual may make transfers of up to $13.61 million ($27.22 per married couple), either during their lifetime or at death, without incurring any gift or estate tax on those transfers. This lifetime exemption will likely see one further inflation adjustment for the 2025 tax year, but then—unless Congress takes action—the lifetime exemption will revert to the prior base amount of $5 million (adjusted for post-2016 inflation) on 1 January 2026, significantly increasing the number of families that are affected by the estate tax.

Main contributors: Justin Waring, Ainsley Carbone, Jeff LeForge, Daniel J. Scansaroli, Katie Williams

Original report: **Give to others, not the IRS, 24 September 2024.**