

Tax-smart charitable strategies

Fidelity Charitable®

Speakers



Tim Shumway

Regional Vice President,
Fidelity Charitable



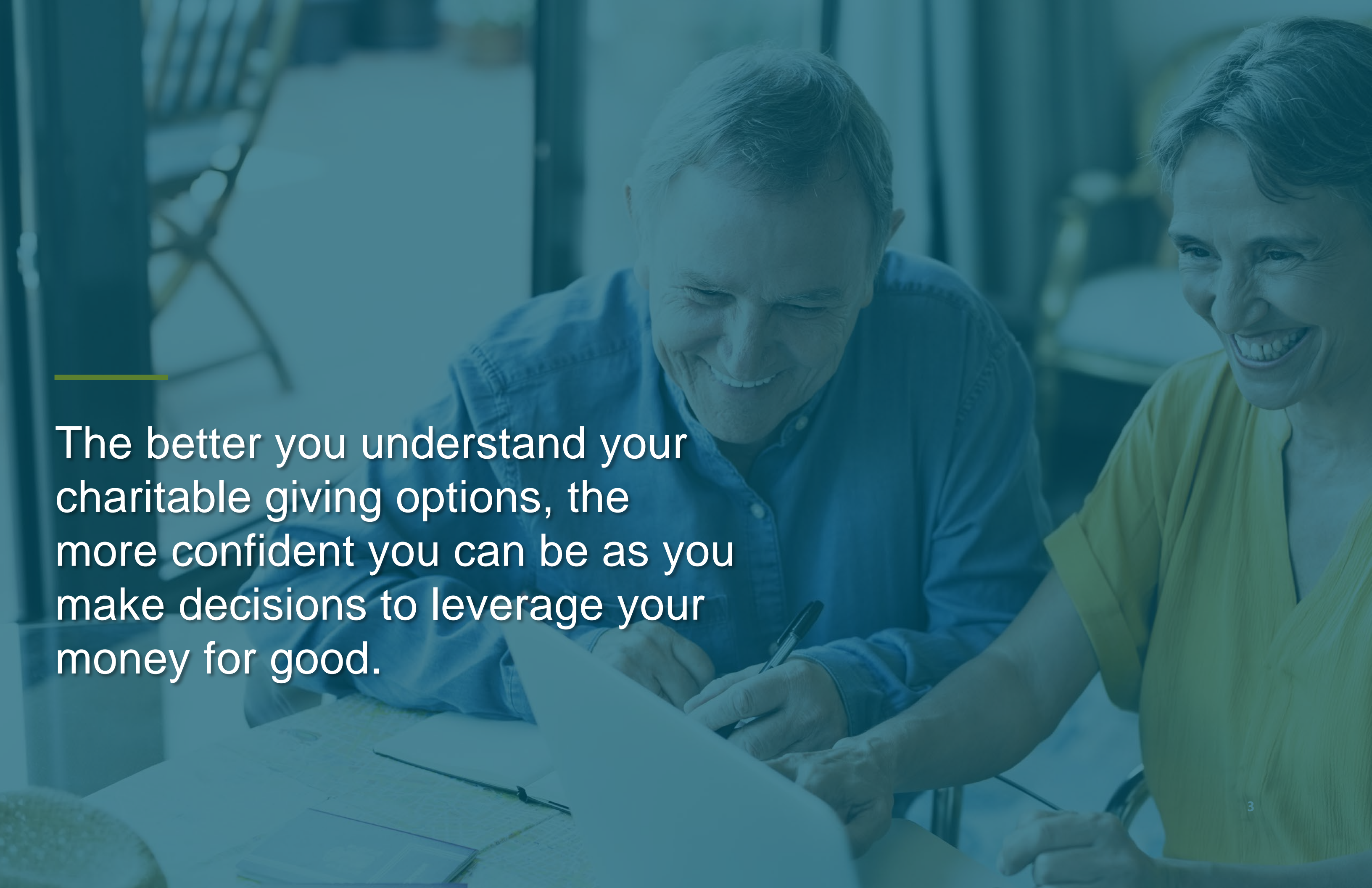
Brandon O'Neill

Charitable Planning Consultant,
Fidelity Charitable



Natasha O'Yang

Regional Vice President,
Fidelity Charitable

A photograph of an older man and woman sitting at a table, looking at documents and writing. The man is on the left, wearing a blue shirt, and the woman is on the right, wearing a yellow shirt. They are both smiling. The image has a blue overlay. A small yellow horizontal line is located above the text on the left side.

The better you understand your charitable giving options, the more confident you can be as you make decisions to leverage your money for good.

Today's topics

Understand

The charitable landscape, including strategic giving vehicles and trends

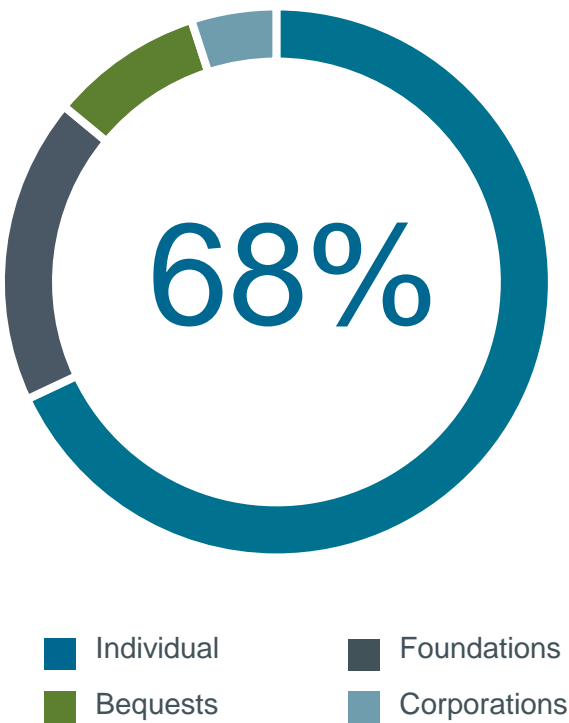
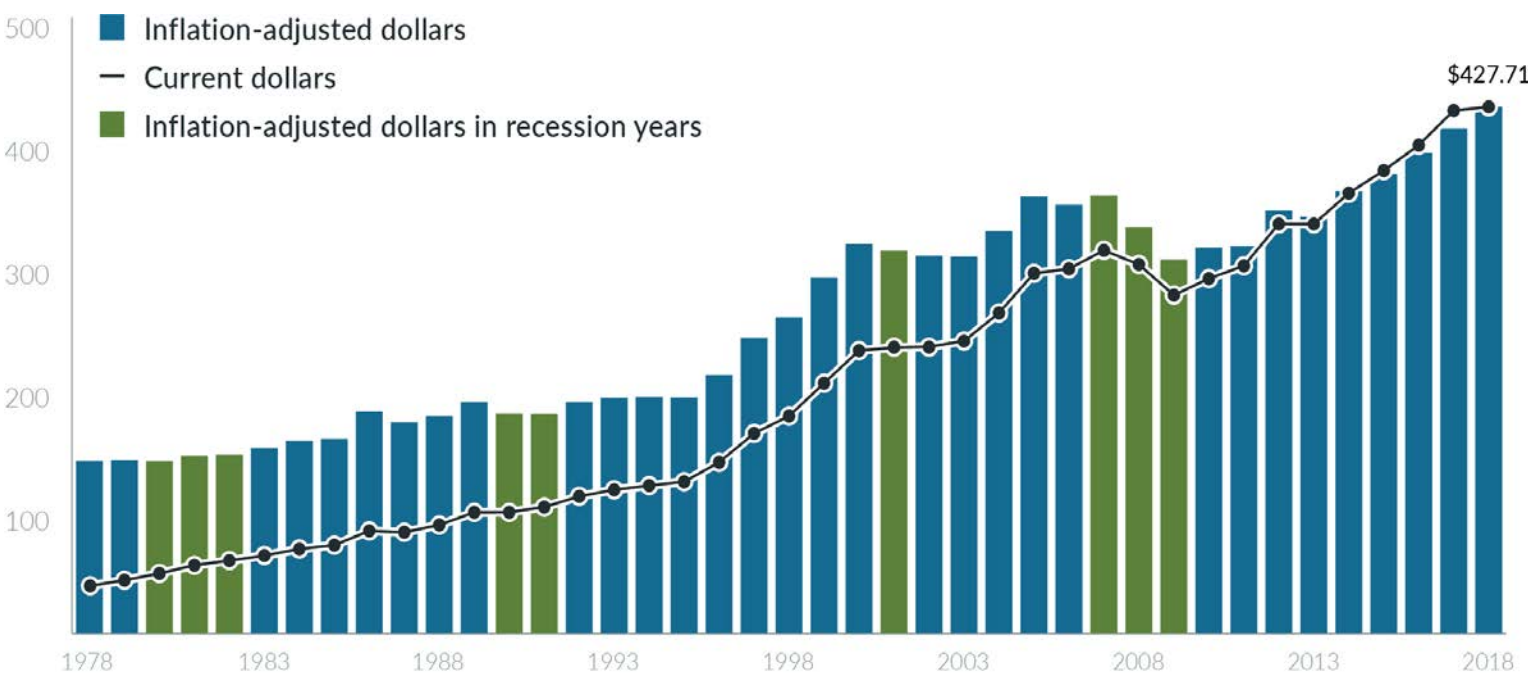
Discover

Unique assets to give for greater giving and tax savings

Evaluate

Strategies to reduce and manage taxes

The current landscape of philanthropy



Charitable tax incentives

Income tax deductions¹



Cash

- **60%** AGI limitation to public charities
- **30%** AGI limitation to private foundations



Long-term appreciated securities

- **30%** AGI limitation to public charities
- **20%** AGI limitation to private foundations

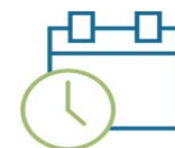
Capital gains tax²



Short-term appreciated securities

(owned for one year or less)

- Taxed at ordinary rates
- Additional 3.8% Medicare surtax in some cases



Long-term appreciated securities

- Taxed at 15% for most, 20% for those in the highest income bracket
- Additional 3.8% Medicare surtax in some cases

¹Generally deductions exceeding these AGI limits can be carried forward for up to five additional years.

²Eliminated when appreciated assets are contributed rather than liquidated and sold.

Giving vehicle comparison

	Donor-Advised Fund (DAF) ²	Private Foundations	Charitable Lead and Remainder Trusts	Check, Cash or Credit Direct to Charity
Tax deduction	Fair market value	Cost basis or fair market value, depending on the type of asset	Calculated based on trust terms and 7520 rate	Cash amount gifted
Organizations you can support	IRS-qualified public charities	Many organizations and individuals, as long as grants are made for charitable purposes	IRS-qualified public charities and generally, private foundations	Public charities, private foundations
Growth potential	✓	✓	✓	✗
Donations of non-cash items	✓	✓	✓	✗
Income tax deduction limit ¹	60% for cash 30% for appreciated assets ³	30% for cash 20% for appreciated assets ⁴	Depends on the type of charity supported by the trust and the type of trust	60% ⁵
Tax on investment income	None	1% or 2% of net investment income	Depends on the nature of the trust	NA

¹ Percentage of adjusted gross income.

² At a 501(c)(3) charity.

³ Appreciated assets held over a year are generally deductible at fair market value—applies to both publicly and non-publicly traded assets.

⁴ Appreciated, publicly traded assets held for over a year are generally deductible at fair market value, while non-publicly traded assets are generally deductible only at basis.

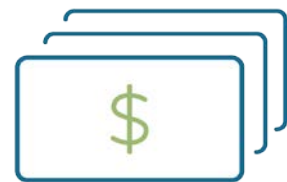
⁵ When donating to a public charity; 30% when donating to a private foundation.

Giving with a donor-advised fund (DAF)



¹For contributions of complex or non-publicly traded assets generally fair market value is determined by a qualified appraiser in compliance with IRS regulations.

Assets to fund philanthropy



Cash equivalents



Appreciated securities



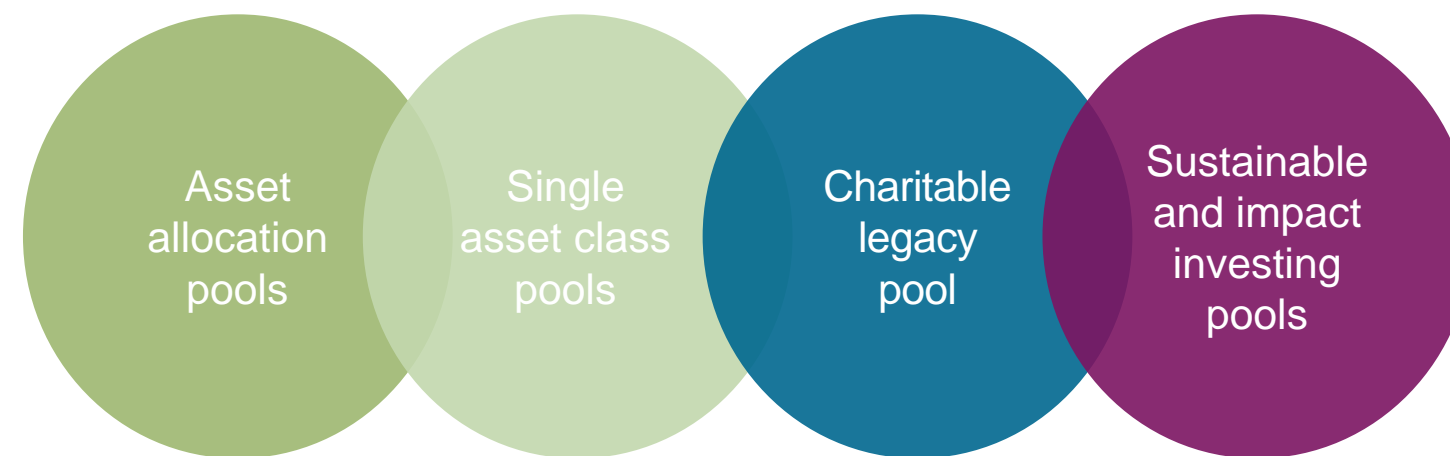
Complex, non-publicly traded assets

Benefits of donating long-term appreciated assets:

- Generally entitled to the full fair market tax deduction at the time of gift
- Reduce or eliminate capital gains tax
- Give more by donating directly rather than liquidating or before there is a prearrangement to sell

Tax-free donation growth

Approach your charitable giving as strategically as you do your other investments.



Over 20 investment options to meet your giving goals

Making grant recommendations



Efficient

- Recommend grants online, phone, fax, mail or with the iPhone App!
- Due diligence is performed on all grant recommendations



Flexible

- Recommend a specific use for a grant
- View your charitable giving history online
- Access information on a wide variety of organizations



Customizable

- Set your own grant recommendation schedule: Immediate, future, even recurring
- Recommend grants on your behalf, in someone's name, or anonymously

Tax-smart charitable strategies

Optimize charitable donations this year and into the future



Look beyond cash

Donate stock to reduce taxes & increase giving

Example:

Capital gains taxes are potentially eliminated when long-term appreciated assets are given directly to a charity.

Twitter (TWTR)		Donate Cash
\$20,000	Value of stock when purchased	\$20,000
\$50,000	Current price	\$50,000
\$0	Capital gains and Medicare surtax paid* (23.8%)	-\$7,140
\$50,000	Total contribution to charity (after deducting federal taxes)	\$42,860
\$18,500	Income tax savings by making contribution	\$15,858

Greater tax deduction, greater contribution

This is a hypothetical example for illustrative purposes only. The chart assumes that the donor is in the 37% federal income bracket and will itemize deductions. State and local taxes and the federal alternative minimum tax are not taken into account. Please consult your tax advisor regarding your specific legal and tax situation. Information herein is not legal or tax advice. Assumes all realized gains are subject to the maximum federal long-term capital gains tax rate of 20% and the Medicare surtax of 3.8%. Does not take into account state or local taxes, if any.

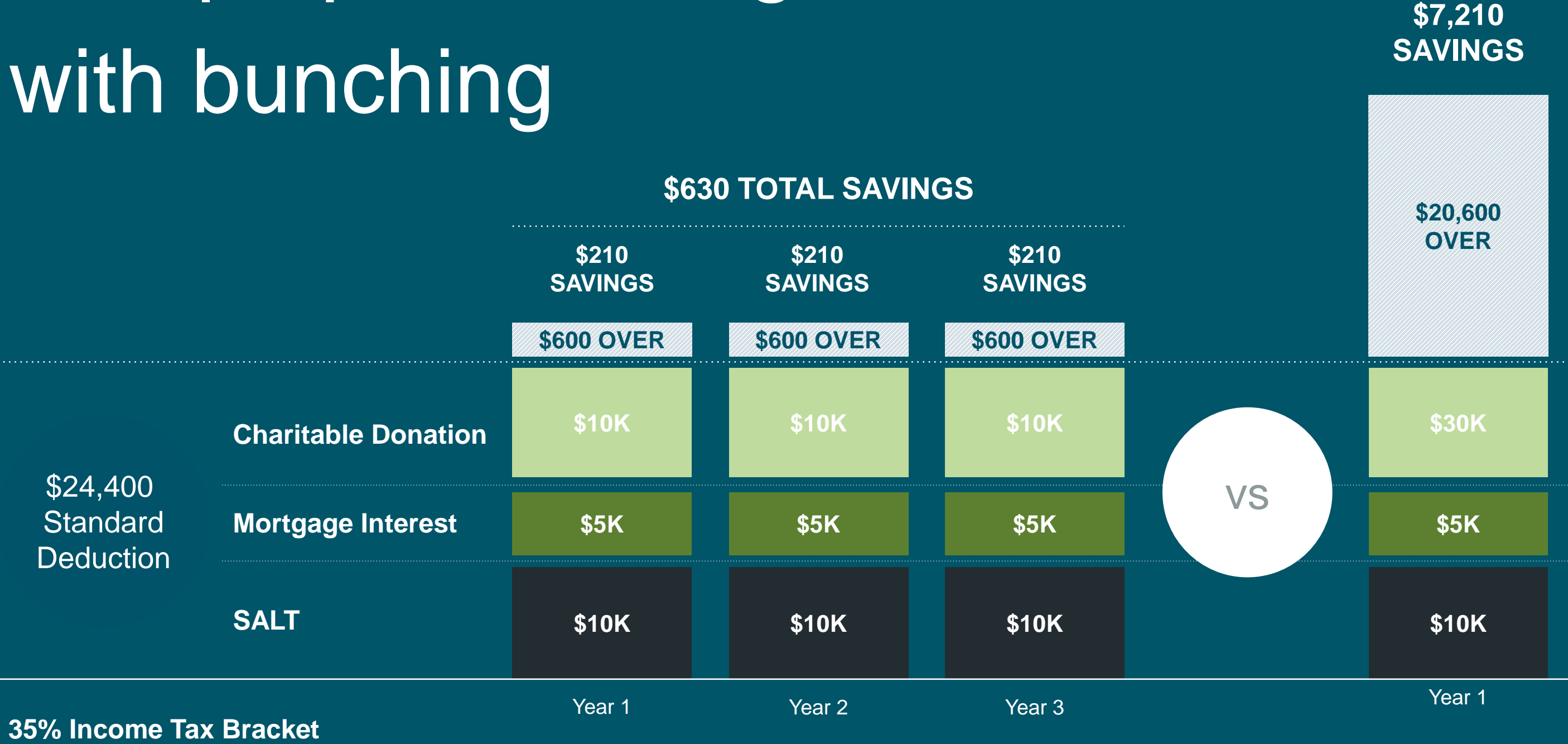
Tax-smart charitable strategies

Optimize charitable donations this year and into the future



Bunch deductions

Ramp up tax savings with bunching



This is a hypothetical example for illustrative purposes only. This chart assumes a married filing jointly couple who contribute a cash gift. The tax savings referenced here are specific to the charitable donation made above the 2019 \$24,400 standard deduction. Information herein is not legal or tax advice.

Tax-smart charitable strategies

Optimize charitable donations this year and into the future

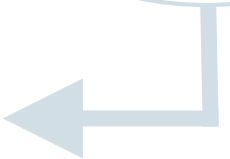


Offset a high-income year

Offset a high-income year

	INCOME TAX RATE	STRATEGY #1 Annual giving strategy	STRATEGY #2 Accelerated giving
Year 1 (<i>high-income year</i>)	37%	\$10,000	\$100,000
Year 2	24%	\$10,000	-
Year 3	24%	\$10,000	-
Year 4	24%	\$10,000	-
Year 5	24%	\$10,000	-
Year 6	24%	\$10,000	-
Year 7	24%	\$10,000	-
Year 8	24%	\$10,000	-
Year 9	24%	\$10,000	-
Year 10	24%	\$10,000	-
TOTAL DONATION		\$100,000	\$100,000
TAX SAVINGS		\$25,300	\$37,000

Additional \$11,700 (▲) in tax savings!



This is a hypothetical example for illustrative purposes only. This chart assumes the donor contributes a cash gift and is able to exceed the standard deduction annually as part of Strategy #1. State and local taxes and the federal alternative minimum tax are not taken into account. Information herein is not legal or tax advice.

Tax-smart charitable strategies

Optimize charitable donations this year and into the future



Utilize IRA charitable rollover

Qualified charitable distribution (QCD)

Good for IRA participants age 70½ and older who must take a required minimum distribution

- Up to \$100,000 from IRA can be granted to public charity
- Offers advantage for clients looking to reduce total AGI, instead of “below the line” deductions
- Immediate gift to charity
- QCDs cannot be made to donor-advised fund sponsors, private foundations and supporting organizations

Utilizing the QCD might make sense when the donor:	Giving appreciated securities might make sense when the donor:
Cannot itemize his/her deductions	Can itemize his/her deductions
The majority of his/her assets are held in an IRA	Owens highly appreciated assets in taxable accounts
The RMD would push him/her into a higher tax bracket	The RMD will not push him/her into a higher tax bracket

Established in 1991, Fidelity Charitable® is an independent public charity that sponsors the nation’s largest donor-advised fund program.

Our mission is to grow the American tradition of philanthropy by providing programs that make charitable giving accessible, simple, and effective.



120K

Number of Giving
Accounts¹

275K

Nonprofit organizations receiving
donor-recommended grants from
Fidelity Charitable since inception²

\$35B

Granted to nonprofit
organizations²

\$5B

Appreciated amount above
donor contributions³

¹ As of December 31, 2018.

² From Fidelity Charitable inception in 1991 through December 31, 2018.

³ Based on cumulative contributions since inception, minus cumulative grants since inception, subtracted from current assets as of December 31, 2018.

Year-end contribution guidelines

To be eligible for a 2019 charitable tax deduction, you may need to initiate your contribution as early as November.

Dates are specific to Fidelity Charitable® Giving Account® contributions.

November 18

Mutual funds held outside of Fidelity Investments®

December 10

Control and restricted stock

December 24

Cryptocurrency like bitcoin

December 30

Electronic Funds Transfers/ACH

December 31

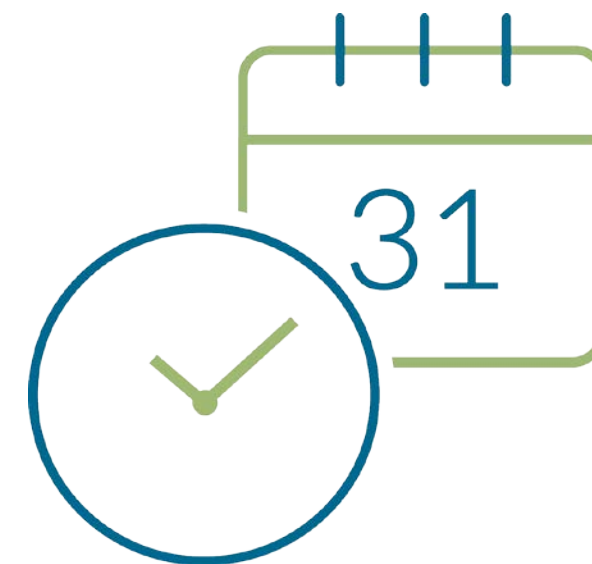
Assets held at Fidelity Investments®

Public securities held outside Fidelity Investments

Wire transfers

Checks and physical stock certificates*

* Items mailed must be postmarked no later than December 31, 2019.



Next steps



Visit a Fidelity Investments investor center



Reach out to us: **800.262.6039**



Visit our website: **fidelitycharitable.org**

Q & A

Disclosures

The tax information provided is general and educational in nature, and should not be construed as legal or tax advice. Fidelity Charitable does not provide legal or tax advice. Content provided relates to taxation at the federal level only. Charitable deductions at the federal level are available only if you itemize deductions. Rules and regulations regarding tax deductions for charitable giving vary at the state level, and laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy, or completeness of the information provided. As a result, Fidelity Charitable cannot guarantee that such information is accurate, complete, or timely. Tax laws and regulations are complex and subject to change, and changes in them may have a material impact on pre- and/or after-tax results. Fidelity Charitable makes no warranties with regard to such information or results obtained by its use. Fidelity Charitable disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.

Fidelity Charitable is the brand name for Fidelity Investments® Charitable Gift Fund, an independent public charity with a donor-advised fund program. Various Fidelity companies provide services to Fidelity Charitable. The Fidelity Charitable name and logo, and Fidelity are registered service marks of FMR LLC, used by Fidelity Charitable under license. 901632.1.0