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Sterling Investment Advisors Ltd.
Timothy E. Flatley, ChFC®, President

"What are the different ways one can make gifts to a nonprofit organization?"

By Timothy E. Flatley

Philanthropic acts bring with them a variety of questions, including to whom to make gifts and the most effective way to go about it. We spent some time with Joanne Gillis-Donovan, president and CEO of Melmark, to gain some insight on the topic.

Melmark is a comprehensive multi-service provider of residential, educational, therapeutic and recreational services for children and adults with developmental disabilities, including autism spectrum disorders, acquired brain injuries, other neurological and genetic disorders, and related challenging behaviors.

"Individuals generally make gifts to causes with which they either have firsthand experience or to organizations that they believe make a positive impact on their community," says Dr. Gillis-Donovan. "Many donors who give to Melmark do so because they see it as a community resource they or their family may need in the event of an accident or injury. Other donors are alarmed at the pandemic increase in autism, especially when it is accompanied by serious behaviors. They value our intensive behavioral programming and feel their gift will have a substantial return on investment as the disabled individuals become adults who are productive versus disruptive and costly members of society."

While the most common manner of gifting is a cash contribution, more creative tactics exist. These include:

1. Donating appreciated assets
2. Charitable gift annuities
3. Beneficiary designations
4. Estate bequests

Gifting appreciated assets involves donating an asset that is worth more than what you originally paid for it. It could be a stock that you bought at $10 that is presently worth $20. Instead of selling the stock, paying the capital gains tax, and gifting the net proceeds, the unsold stock is gifted, resulting in a donation worth the full $20 per share.

A charitable gift annuity combines contributing to a nonprofit and securing an immediate tax benefit while receiving a monthly annuity for the balance of your life.

Naming the charity as a beneficiary of your IRA or life insurance policy could potentially reduce federal estate taxes.

Finally, estate bequests involve naming the organization in your will. Any gifts made in this manner reduce the size of your taxable estate. It is important to review the methods discussed with your tax advisor as there are many other factors to take into consideration when making these types of gifts.

Philanthropy is a meaningful component of most families' financial planning. It is worth exploring the various tactics to ensure you derive the greatest value from your gift. For more information on Melmark, please visit www.melmark.org.

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