

Ep. 194: The Biggest Charitable Giving Opportunity You'll Have Before 2026

Speakers: Patti Brennan, Tim Sylvester

Patti 00:00

Hi everybody, Welcome to the Patti Brennan Show. Joining me today is Tim Sylvester from Ren Incorporated. There are a lot of advisors listening today. For many of us who have been in the business for a while, Ren is a rebranding of Renaissance. Renaissance has always been our go-to company when it comes to charitable giving trusts. I know that when I call Tim and have a question, we're going to get the right answer. They are strategic, and they get it right. Thank you for joining us today, Tim.

Tim Sylvester 00:34

Absolutely. It's my pleasure. Thanks for having me, Patti.

Patti 00:37

Today we're talking about finishing strong by starting early. We talk about Giving Tuesday—which is December 2. Let's go over some interesting **statistics**.

First: 37 million Americans give money to charitable organizations on Giving Tuesday. That's a lot of people.

85% of affluent households give to charity. And 45% of high-net-worth individuals use donor-advised funds as part of their giving strategy—which is fascinating because donor-advised funds are, to me, the best of all worlds.

They're simple, easy to set up, and they get the job done. So let's talk timing. Why is it important to talk about this **before** Thanksgiving?

Tim Sylvester 01:35

At one point, we thought of giving season as starting in December. But today, **giving season starts September 1**. So we're already in giving season. And that next stage of giving starts on Giving Tuesday—December 2.

Patti 01:53

So the strategy—thinking these things through—really starts in September. We don't want to wait until December, because there's a lot to consider. And by the way, these things take time to set up. One of my favorite strategies is giving appreciated securities. With the markets over the last few years, that's a great way to optimize charitable giving. Tim, can you explain the rules around giving appreciated securities versus cash? **What are the limits in 2025? And what happens in 2026 under the new tax law?**

Tim Sylvester 02:39

Absolutely. In 2025, when giving cash or appreciated securities, appreciated securities provide the maximum benefit because you're donating them and selling them outside of a capital-gains environment. With cash, you get a dollar-for-dollar deduction, but the deduction is limited. You can deduct up to 60% of your AGI in a single tax year. With securities, you can deduct up to 30% of AGI. Importantly, if you don't use the full deduction, you can carry it forward for up to five additional tax years.

Patti 03:33

So there are limitations, but it's manageable. What you don't use this year carries forward, which is important for cash-flow planning—especially if you want to bring income in later, like through a Roth conversion.

Tim Sylvester 03:53

And that's especially important this year because the new tax law introduces two new limitations in 2026.

First, there will be a 0.5% floor on charitable deductions. That's brand new. You'll need to give more than 0.5% of your AGI just to begin generating a deduction—and you'll get 0.5% less benefit than you would this year.

Second, for individuals in the top tax bracket, there will be a new ceiling. They'll go from generating deductions at the 37% bracket down to the 35% bracket. That's roughly a 5.5% difference in benefit between giving in 2025 versus 2026.

Patti 05:06

So this truly *is* the year to do it. Let's talk about bunching deductions. Say a couple gives \$10,000 per year. Is there a way they can optimize that giving strategy through one of your recommended vehicles?

Tim Sylvester 05:39

Yes—bunching, also called stacking. It's simply pre-funding several years of charitable gifts. I helped my parents with this. They gave a set amount each year to their church. We used highly appreciated securities my mom inherited to fund a donor-advised fund—say \$50,000—to cover five years of \$10,000 annual gifts. You also get to invest the assets inside the donor-advised fund, so growth over those five years increases charitable impact.

Patti 06:45

So they got the deduction for the full \$50,000 upfront, but could distribute it over the next five years—and it's above the standard deduction threshold, which means they could take full advantage. Plus, gifting appreciated securities avoids capital-gains tax. Win-win all around. What about administrative burden? This isn't like an IRA—there must be reporting, right?

Tim Sylvester 07:35

From the donor's perspective, it's very simple. It works like any other investment account, but we handle tax reporting and administrative requirements. You get a portal for managing grants, viewing statements, and monitoring investments. Once you contribute, you receive a tax receipt—and then it functions like any other investment account.

Patti 08:29

I love the “set it and forget it” aspect. No audits, and flexibility around investment choices. They can even keep appreciated securities intact until they're ready to donate.

Tim Sylvester 09:03

Exactly. If they're attached to a particular stock—maybe they worked for the company—they don't have to liquidate immediately. They can hold it, let it grow further, then liquidate when they know where the dollars should go.

Patti 09:24

I've also found donor-advised funds create a wonderful family-bonding moment—discussing values, causes, and impact. Involving grandchildren reinforces generational values. Add on the tax benefits—especially in 2025—and affluent families really benefit from these deductions. Other tools exist—charitable remainder trusts, charitable lead trusts—but nothing is as simple as a donor-advised fund, right?

Tim Sylvester 10:33

Exactly. Its beauty is in its simplicity.

Patti 10:37

Let's talk deadlines. From your perspective—and ours—what's the most important deadline listeners should know?

Tim Sylvester 10:54

Two categories.

First, if you already have a donor-advised fund, and you want 2025 deductibility, contributions must arrive by December 31.

Second, if you don't have one yet, the deadline to open an account is December 19 for us to guarantee it's ready for funding before year-end.

Patti 11:28

Good point. You can open one without funding it immediately—though this is the year to do it, given next year's limitations. But there's no rule requiring annual contributions.

Tim Sylvester 11:50

Correct. There's no annual requirement. Some open donor-advised funds strictly for estate planning—what we call future funding. The account can remain unfunded until the donor passes and beneficiary assets flow in.

Patti 12:27

And anything in a donor-advised fund is excluded from estate taxes. Under the new tax law, with the exemption up to \$15 million, many won't face federal estate taxes—but state inheritance taxes may still apply. And donor-advised fund assets are excluded from the taxable estate. Another advantage. In terms of timing—when gifting appreciated assets—are those more cumbersome?

Tim Sylvester 13:27

Not necessarily. The transfer itself is simple—just journaling from one account to another. What takes time is identifying the optimal assets and tax lots. That's where advisors add value.

Patti 13:58

Exactly. Journaling is easy—identifying the right lots is the key. December 2—Giving Tuesday—is the “drop-dead” date in my mind for knowing your strategy. That gives time to identify securities and open and fund the donor-advised fund.

Tim Sylvester 15:02

And CPAs can be incredibly helpful here—understanding tax liability, needed deductions, and helping shape the strategy.

Patti 15:29

Absolutely. Building the right team is important. There are many ways to have impact, but donor-advised funds are the simplest way to support institutions you care about, involve family, and optimize taxes. Tim, thank you—this has been very helpful. Biggest takeaway: you don't need to know all the logistics; you just need to know the deadlines and make a decision—ideally before December 19. This is the best year to optimize charitable giving strategy. Call your advisor, talk strategy, and get it funded on time.