



## Charitable contribution deadline looms

As we approach the end of 2018, those of you who have a Fidelity donor-advised fund (DAF) need to be aware of several tax-related deadlines. However, before we jump into these deadlines, let's define two terms tied to DAFs that can be confusing: contributions and grants.

A contribution occurs when you donate appreciated securities (investments with large unrealized gains) to your DAF. A grant occurs when you tell Fidelity (or you have us tell Fidelity) which charitable organization you'd like to direct a portion of your DAF balance to. Think of contributions as you funding future grants to charitable organizations.

In practice, using a DAF looks like this:

- 1) You contribute \$10,000 of Apple stock to your Fidelity DAF account. This represents the charitable contribution.
- 2) Fidelity sells the Apple stock and the proceeds are transferred to your DAF account.
- 3) You can choose to reinvest these proceeds within Fidelity's investment pools for potential growth or leave the proceeds in their money market.
- 4) You notify us or Fidelity that you'd like \$1,000 to go to your church. This represents the grant.

The new tax law passed in late 2017 may change the way you donate to charity going forward. With state and local tax deductions capped at \$10,000 per year and the standard deduction now at \$24,000 for married filing joint, garnering a tax benefit from charitable giving will be more challenging for some. For this reason, you might consider a tax planning strategy known as bunching, [which we wrote about a few months ago](#).

A DAF provides you a current-year tax deduction (assuming you eclipse the standard deduction amount) and allows you to avoid paying capital gains taxes on the securities donated. The great thing about a DAF is that you can contribute a large amount in one tax year but spread out your grants to charitable organizations over many subsequent years. So, consider a DAF if you plan on bunching.

### On to the deadlines

If you want to contribute to your DAF before year-end and get a tax benefit for 2018, be aware of the following contribution deadlines provided by Fidelity for their DAF clients:

- November 19<sup>th</sup> – mutual funds held away from Fidelity (and especially if a new DAF account)
- December 1<sup>st</sup> – individual stocks held away from Fidelity (P&A's recommended deadline)
- December 10<sup>th</sup> – control and restricted stock
- December 21<sup>st</sup> – Bitcoin (yes, you read that right)
- December 31<sup>st</sup> – assets held at Fidelity investments

If you're a P&A client, chances are your assets are held at Charles Schwab. We are able to "push" investments from Schwab to Fidelity Charitable if you already have an existing DAF account at Fidelity. To be confident your contributions arrive before year-end, **we'd like to process any mutual fund contributions by December 1<sup>st</sup> and any individual stock contributions by December 15<sup>th</sup>**. As a reminder, you can initiate a grant at any time throughout the year. Other donor-advised funds (Schwab Charitable Fund, Lincoln Community Foundation, etc.) will have their own year-end deadlines.

If you are interested in opening a new DAF account and contributing to it for the year 2018, [please connect with us](#) ASAP.

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