

2023 charitable tax planning

Use these questions to guide your planning session or a conversation with a client or advisor. This way, you can establish the most effective strategies for leveraging philanthropy in your 2023 tax plan.¹ With a thoughtful and thorough giving roadmap, you can better establish goals, track success throughout the year, and review your charitable activity to better plan for future tax seasons.

1 What is your estimated adjusted gross income (AGI) in 2023?

2 How much do you want to give to charity in 2023?

By granting to charity in 2023, you can lower your taxable income and even potentially your tax bracket.

3 What assets have appreciated and could leave you with a large tax liability upon liquidation?

When you directly contribute an asset to a donor-advised fund, you can immediately treat it as a charitable deduction in 2023, usually equal to the asset's fair market value. You can also significantly reduce any capital gains taxes on that asset that might otherwise be due, further reducing your taxable income. Review appreciated assets, the consequences of liquidating, and the associated capital gains tax.

4 Are there assets you'd like to give now and carryover the charitable tax deduction to future tax years?

While there are maximum charitable deductions each year based on your adjusted gross income (AGI), you can strategically give assets now while spreading out the charitable deduction over the next five years.² Consider how charitable giving now can go beyond 2023.

5 What is the current value of your estate and projected estate taxes?

When you grant assets from your estate, you lower the chance of having to pay an estate tax upon your passing. The 2023 lifetime estate and gift tax exemption are currently scheduled to revert to their previous thresholds in 2026, so you may want to prepare for this change if you think the estate tax may apply to you.



How much do you typically give to charity each year? Can you bunch multiple years of giving into 2023?

If your giving and other itemized deductions aren't likely to be enough to exceed the standard deduction in 2023, consider bunching multiple years' worth of giving into 2023 instead to enjoy a larger tax deduction this year. You can put these assets into a donor-advised fund and give them the potential to grow tax-free until they're granted, increasing your philanthropic impact.



What charitable causes have you historically supported? Are you looking to support additional causes in 2023?

Mapping out the causes you want to support can help you determine your giving goals and how that will ultimately affect your yearly taxes.

Additional notes:

How a Vanguard Charitable donor-advised fund can simplify and amplify your charitable giving in 2023



Do you want the option to potentially grow your charitable dollars to give more to charity?

Rather than planning each year of giving based on your yearly finances, a donor-advised fund allows you to commit assets to charity upfront and give them the potential to grow tax-free while you recommend grants to charity.



Do you want to make tracking your charitable giving easier and simplify tax season?

When you give with a Vanguard Charitable donor-advised fund, all your donations and grants are tracked by our team. The documents are always available in your secure online account. So you won't need to worry about tracking and organizing your charitable giving each year. Instead, all records are conveniently located in one place to review.



Do you want a charitable fund with low fees, cost-effective investment options, and industry-leading expertise?

Vanguard Charitable has all of this and more. If you want to learn more about a Vanguard Charitable donor-advised fund, check out our website at <https://www.vanguardcharitable.org>.

¹This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

²There are particular rules for charitable tax deduction carryovers. Speak with an advisor to ensure compliance.