

Philanthropic Insights

Year-end Charitable Giving 2023



TIME TO RISE

THE MARQUETTE PROMISE TO BE THE DIFFERENCE

Dear alumni, parents and friends,

With the approaching close of another year, Marquette is optimistic to greet the bright futures unfolding for our students and campus thanks to your generosity. Throughout the changing inflation and market volatility in 2023, our family of benefactors has steadfastly shared their gifts and their belief in our university, especially as we entered the final year of our historic *Time to Rise* philanthropic campaign this fall. As you gather with family and friends to celebrate this holiday season, know that you are elevating the Marquette experience for so many. **In this spirit of gratitude, we share below several strategies that many of our alumni, parents and friends are utilizing to maximize their charitable impact while minimizing their taxes before year end.**

Timing of year-end donations — start planning now

For donors to receive a charitable income tax deduction in tax year 2023, donations must comply with IRS rules. Donors wishing to make a 2023 Qualified Charitable Distribution (QCD), also referred to as an IRA Charitable Rollover, should submit the request to their IRA administrator as soon as possible to ensure the gift is received by December 31.

[Review this year's charitable deadlines and IRS timing rules in full on our year-end web page.](#)

Know the tax deduction limits for 2023

Charitable contributions are deductible for donors who itemize deductions on their annual tax returns. 2023 deduction limits for gifts to public charities like Marquette are 60% of adjusted gross income (AGI) for contributions of cash and 30% of AGI for contributions of long-term, non-cash assets (assets held longer than one year). Contribution amounts exceeding these deduction limits may be carried over for up to five subsequent tax years.

Make qualified charitable distributions from your IRA

Whether you itemize your deductions or take the standard deduction, individuals aged 70 ½ and older can transfer up to \$100,000 per year — or \$200,000 for married couples filing jointly with individual IRAs — from their traditional IRAs directly to Marquette through qualified charitable distributions (QCDs). The QCD can be used to satisfy all or part of the donor's required minimum distribution (RMD) for 2023 and is not considered taxable income for the donor. Please [visit our website](#) for Marquette's IRA Rollover instructions. **Note:** If donors wish to take funds from their IRAs to contribute *more than* \$100,000 to Marquette, the additional amount will *not* be excluded from their gross income. Instead, donors can deduct the additional contribution to the full extent of the AGI limits. Please note the timing above for submitting QCD requests to your IRA administrator.

Increase income by using a QCD to fund a charitable gift annuity

Last year, after more than a dozen years of urging by the charitable community, Congress finally passed The SECURE 2.0 Act of 2022, allowing QCDs to be made directly to charity to fund a guaranteed, life-income producing charitable gift annuity (CGA), subject to the following stipulations:

- All QCD rules stated above apply.
- The transfer is capped at \$50,000 per individual and must be made in a single calendar year.
- Spouses can combine their individual gifts to create a \$100,000 CGA for both of their lives.
- The \$50,000 life-income gift transfer counts toward both the \$100,000 QCD annual limit and the donor's RMD.
- Life-income payments can only benefit the donor and spouse; no other payment recipients are allowed.
- Payments must begin in the year the gift is made; they cannot be deferred to a later start date.

Name Marquette as beneficiary of your IRA

If you leave your IRA to heirs, your loved ones will be required to pay income tax on any amount they receive from your IRA following your death at their own income tax rate at the time of withdrawal. In addition, the SECURE Act repealed the stretch IRA, which allowed beneficiaries of IRA assets to stretch RMDs over their life expectancies. Most must now withdraw the entire amount in the inherited IRA within 10 years and pay taxes at the maximum state and federal income tax rates, resulting in your loved ones ending up with as little as 49 cents on the dollar. However, a charitable organization like Marquette will not have to pay any of those taxes if named as beneficiary of some or all of your IRA, which means every penny of the donation can be directed to support your important cause. **Tip:** As you complete or review your charitable estate planning, be sure to give your loved ones assets from your estate to receive a step-up in basis and name Marquette and your other favorite charities as beneficiaries of your IRA. Notify Marquette of your gift so we can appropriately document your intentions and recognize your generosity.

Offset taxes on a Roth conversion, retirement account withdrawal, or other significant taxable event with a charitable deduction

Donors with tax-deferred retirement accounts can use charitable deductions to help offset the tax liability on an amount withdrawn and converted to a Roth IRA. The benefits of Roth IRAs include tax-free growth, tax-free withdrawals (if holding period and age requirements are met), no annual RMD, and elimination of tax liability for beneficiaries (depending on the timing). To avoid an early withdrawal penalty, individuals seeking to offset the tax liability on a standard withdrawal should be over age 59½. Similarly, significant taxable events like the sale of a business can be offset by deductions resulting from charitable gifts.

Donate appreciated securities instead of cash

Donating low-basis, long-term securities directly to Marquette remains a tax-wise strategy. If donors itemize their deductions, they can claim a charitable income tax deduction for the fair market value of the donated securities *and* avoid capital gains tax on the stock's appreciation. If donors no longer itemize, donating appreciated stock still provides the benefit of not having to pay tax on the appreciation (see Bundling Gifts below for a creative alternative). Please [visit our website](#) for Marquette's stock transfer instructions.

Combine tax-loss harvesting with a cash gift from the sale of depreciated securities

If your publicly traded securities are valued at less than their original cost, you can sell those securities at a loss and donate the proceeds to claim a charitable deduction. Through tax-loss harvesting, you can use your capital losses to offset capital gains and up to \$3,000 of ordinary income. You may then carry forward any remaining loss amount to offset gains and income in future tax years.

Bundle two years of gifts into 2023 to utilize both standard and itemized deductions

The significant increase in the standard deduction in 2017 made it strategic to bundle several years of charitable contributions in one year. Considering the standard deduction for tax year 2023 is \$13,850 for single filers, \$20,800 for heads of household, and \$27,700 for married filers filing jointly (plus an additional entitlement if you are 65 years and older), as well as applicable deduction limits on state and local taxes, many individuals are now "bundling" two or more years of donations or pledge payments into one year to exceed the standard deduction. Deductions can then be itemized every other year to generate a tax benefit from charitable giving.

Consider a charitable bequest

A charitable bequest to Marquette included in your will or revocable trust is a popular way to make an impactful gift

or increase the impact of an existing gift. By making a bequest, donors maintain control of their assets during their lifetime(s). A bequest does not provide a lifetime income tax deduction, but it offers flexibility and, if applicable, an effective way to reduce one's taxable estate. If you are considering a bequest to a Marquette cause of importance to you, or if you have already planned for one, we appreciate you notifying us so we can ensure your gift can be used as you intend.

Make a grant from a donor advised fund (DAF)

With the continued growth in DAFs, grants recommended for distribution to Marquette University by individuals who have established DAFs are always appreciated. For the convenience of our alumni, parents and friends with DAFs, Marquette's legal name, address and federal tax ID number for your DAF administrator are as follows:

Marquette University
Attn: University Advancement / Emily Curley
PO Box 7013
Carol Stream, IL 60197-7013
Tax ID: 39-0806251


In addition to making annual grants to Marquette, please consider naming the university as a beneficiary of your fund or as a recipient of the annual distributions if you choose to convert your fund to a permanently endowed designated fund.

Consider opportunities guaranteeing income for life

In light of continued interest rate increases, charitable gift annuities and charitable remainder trusts are excellent options to consider if donors seek guaranteed income for themselves or a loved one now or in the future. In addition to receiving a fixed or variable stream of income, donors will also receive a charitable income tax deduction. If the gift is funded with appreciated securities or other appreciated assets, they may also reduce the capital gains tax due. **Note:** It was recently announced that CGA rates will increase again in January 2024 by about 0.4%. This current climate makes CGAs an especially attractive option for increasing your lifetime income while providing a gift of the CGA remainder to the cause you care about at Marquette.

Charitable lead trusts

Though the Treasury percentage rate that affects the computation of income, gift, and estate tax charitable deductions — known as the "7520 Rate" — has increased from its historic low a few years ago, charitable lead trusts (CLTs) can still provide a unique opportunity for strategic tax planning for affluent families who are charitably inclined, whether the goal is obtaining a sizeable up-front charitable income tax deduction to offset significant taxable income (non-grantor CLT) or minimizing gift and estate taxes for the ultimate passing of assets to heirs (grantor CLT). Unless Congress acts before January 1, 2026, the legislation creating the current estate and gift tax exemption of \$12.92 million in 2023 will sunset at the end of 2025 and revert back to the 2017 amount, nearly half of the current amount. Families facing estate tax exposure in 2026 may benefit from transferring assets out of their estates sooner rather than later, with the CLT being an effective option for minimizing taxes while making a meaningful impact at Marquette.



For additional insights and charitable giving ideas, including life insurance, retirement asset beneficiary designations, and real estate transfers, please contact Marquette's planned giving team below or visit our Marquette University Planned Giving webpage:

- **Cathy Steinhafel, managing director of development, (414) 288-6501 or catherine.steinhafel@marquette.edu.**
- **Eileen Jennings Strachota, director of development, (414) 288-0344 or eileen.jennings@marquette.edu.**

Exemption, Exclusion, Contribution and Standard Deduction Limits		
	2022	2023
Estate and gift tax lifetime exemption	\$12.06 million per person* \$24.12 million per married couple*	\$12.92 million per person* \$25.84 million per married couple*
Annual gift tax exclusion	\$16,000 per person \$32,000 per married couple	\$17,000 per person \$34,000 per married couple
401(k) contribution limit (not IRAs)	\$20,500 for employee contributions \$61,000 for combined employee and employer contributions	\$22,500 for employee contributions \$66,000 for combined employee and employer contributions
Standard deduction – single filers or married filing separately**	\$12,950	\$13,850
Standard deduction – married filing jointly**	\$25,900	\$27,700
Standard deduction – head of household**	\$19,400	\$20,800
ROTH contribution limits	\$6500 if under age 50 \$7500 if age 50 or older	\$6500 if under age 50 \$7500 if age 50 or older

* Set to be cut approximately in half starting in 2026

** Taxpayers age 65+ can claim an additional standard deduction in 2023 of \$1500 (\$1850 for single or head of household filers)

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