
A MILESTONE CPAs PLAYBOOK

The HNW Charitable Giving *Strategy Guide.*

DAFs, QCDs, CRTs, private foundations, and appreciated-asset gifts — how each works, when each fits, and how they layer together.

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AN INTRODUCTION

Giving is a *tax strategy*.

For HNW families, charitable giving isn't a single decision — it's a portfolio of vehicles, each suited to different circumstances. The same family might fund a DAF in one year, run QCDs through age 70½, gift appreciated stock in a windfall year, and establish a CRT to manage a concentrated position. The choices interact with income timing, estate planning, and family governance.

This guide walks through the major vehicles, when each is the right fit, and how they work together. Written for families giving \$25K+ annually.

VEHICLE 1

Donor-Advised Fund (DAF).

A DAF is a charitable investment account. You contribute (immediate deduction), the fund invests tax-free, and you recommend grants to charities over time. The flexibility is its strength.

Best for

Annual donors with \$25K+ in giving. Especially valuable in spike-income years when you can bunch 3-5 years of giving for a single large deduction.

Deduction limits

60% of AGI for cash, 30% for appreciated securities. Carry-forward of unused deduction for 5 years.

Setup

Schwab Charitable, Fidelity Charitable, and Vanguard Charitable are the major sponsors. Setup is fast (days), grant minimums are typically \$50.

Watch for

No required minimum grant rate (some critics call this a drawback). Best practice: commit to a granting cadence aligned with charitable priorities.

VEHICLE 2

Qualified Charitable Distribution (QCD).

A QCD is a direct transfer from an IRA to a public charity. Available at age 70½, up to \$108,000 in 2026 (indexed). The amount counts toward your RMD but is excluded from AGI — better than a charitable deduction for many retirees.

Why QCD beats a regular charitable deduction:

- Lower AGI means lower IRMAA Medicare premium surcharges
- Lower AGI reduces Social Security taxability
- Lower AGI may reduce NIIT exposure
- Captures benefit even if you don't itemize
- Counts toward RMD requirement

VEHICLE 3

Charitable Remainder Trust (CRT).

A CRT is an irrevocable trust funded with appreciated assets. The trust sells the asset tax-free, pays you (or a beneficiary) a stream for life or a term of years, then the remainder goes to charity. Powerful for managing concentrated positions, real estate, or business interests where the embedded gain is the obstacle to diversifying.

CRT-Unitrust (CRUT)

Payout is a fixed percentage of trust value, recalculated annually. Income rises with appreciation.

Income tax deduction

You get a deduction at funding equal to the present value of the charity's remainder interest — usually 10-40% of the gift depending on payout rate and term.

CRT-Annuity (CRAT)

Fixed dollar payment for life or term. Income is predictable but doesn't grow.

Tradeoffs

Irrevocable. Remainder to charity is real — heirs get nothing of the CRT itself. Often paired with an ILIT-owned life insurance policy to "replace" the wealth.

VEHICLE 4

Private Foundation.

A private foundation is a charitable entity controlled by the family. You set the mission, name the trustees, and direct grant-making with full control. The price of control: higher administrative cost, mandatory 5% annual distributions, excise tax on investment income, and stricter contribution deduction limits than a DAF.

Best for:

- Families with \$5M+ committed to charitable purposes long-term
- Multi-generational charitable involvement — board seats for children/grandchildren
- A specific mission requiring direct control (not generic giving through a DAF)
- Combining with a DAF for tactical flexibility (foundation = strategic, DAF = tactical)

VEHICLE 5

Appreciated Asset Gifts.

Gift long-term appreciated assets (stock, mutual funds, real estate) directly to charity beats selling and donating cash. You get a fair-market-value deduction AND avoid the capital gains tax — effectively doubling the tax benefit per dollar gifted.

Example: \$100K of stock with \$20K cost basis. Gift directly: \$100K deduction, \$0 gain recognized. Sell and gift cash: \$100K deduction, \$80K long-term gain (\$19K federal tax). Net benefit of the direct gift: ~\$19K.

CHAPTER 6

How they fit together.

For a typical HNW family, the playbook layers vehicles by purpose:

Vehicle	Strategic Role
DAF	Tactical year-by-year giving. Bunching, appreciated stock, simple grants.
QCD	Age 70½+. Replaces ordinary giving from cash with a tax-better alternative.
CRT	Liquidity event handling. Concentrated position diversification.
Foundation	Multi-generational, mission-driven, family-governance vehicle.
Direct Asset Gifts	When appreciated assets exist outside retirement accounts.

NEXT STEP

Let's see if this fits your situation.

A complimentary 30-minute review.

This playbook is general guidance. Your specific situation — entity structure, income mix, family circumstances, and state nexus — determines which moves actually apply and what they're worth. We offer a complimentary 30-minute review where we look at your situation specifically and tell you what we'd do.

Schedule online: milestonecpas.com/contact-cpa-firm-in-pleasanton/

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