

A close-up photograph of a yellow plastic container filled with various colored crayons. The background is blurred, showing what appears to be a person's hands or a table. A large, semi-transparent orange shape overlaps the top right corner of the image.

CASE STUDY

Timely Year-End Planning
Helps High-Net-Worth Client
Achieve Charitable Goals,
Future-Proof Wealth

Challenge

An older high-net-worth client wanted to make her annual charitable contributions to maximize any current tax benefits, plus ensure her wealth transfer strategy was on track.

Solution

Using evidence-based modeling and close collaboration with the client's investment advisor, the Armanino team created a year-end strategy that included securities donations, among other methods.

Result

The client donated more than \$1 million while reducing her tax burden and gained peace of mind that her family's financial future was secure.

Services



Tax Planning
& Reporting



Philanthropic
Tax Planning



Estate, Gift & Trust
Tax Coordination &
Reporting



Wealth Transfer
Tax Planning &
Reporting

Challenge

In the midst of a volatile investment environment, an older high-net-worth client wanted to be sure she could make her desired annual charitable contributions to maximize any current tax benefits. The client was (and still is) passionate about supporting a hospital foundation that provides arts programs – including music and art projects – for patients and their families, so it is important to her to be able to make the maximum deductible contribution possible each year and to do so in a timely manner for tax planning purposes. She also wanted to ensure that her wealth transfer strategy was on track to continue providing security for her adult children.

Solution

The client's long-time tax and estate planning advisors at Armanino, one of the 20 largest independent accounting and consulting firms in the U.S., worked closely with her investment advisor to make recommendations on the amounts and type of assets (securities, cash, etc.) the client should donate. The asset type also affects the timing of the donations because it takes longer for gifts of securities to be "complete" in the eyes of the IRS. Gifts must be completed by December 31 to be used as a deduction for that tax year.

Using evidence-based modeling, the Armanino team looked at how the client's different decisions would be likely to affect her taxable income and tax liability.

They collaborated with her investment advisor to create the optimal year-end strategy, including the donation of lower cost-basis securities that had appreciated significantly in value. This allowed the client to receive the benefit of the charitable donation deduction while avoiding capital gains tax on the sale of securities.

To prevent year-end chaos and provide ample time for the completion of the securities donations, the Armanino team made sure to have their final recommendations to the client and her investment advisor by the first week of December. The team holds quarterly check-ins with the client, so they also provided the investment advisor and client with preliminary estimates in September.

For the wealth transfer plan, the Armanino experts had previously set up a family limited partnership and trusts as a method for managing the client's assets and transferring wealth to the next generation. They evaluated the current estate and gift tax exemptions and completed additional transfers as appropriate for the client's goals.

Results

Despite a pervasive environment of uncertainty that has left many high-net-worth individuals unsure about how to preserve their wealth, the client was able to give her desired charitable donation of more than \$1 million while reducing her tax burden so she can continue to maximize her generosity and safeguard her family's financial future.

The client also received the peace of mind she was seeking. Her Armanino team provided all the details she needed to be sure she was making the right decisions and collaborated with her investment advisor to complete her year-end donations and wealth transfer in a timely and stress-free manner. By deploying a holistic approach to their financial analysis, the team ensured every aspect of the client's portfolio was considered against projected market positions, emerging trends, risk profiles and strategic opportunities, so she could realize her charitable and estate planning goals.

“ The client was able to give her desired charitable donation of more than \$1 million while reducing her tax burden so she can continue to *maximize her generosity and safeguard her family's financial future.* ”

CONTACT US

For questions or assistance with your year-end tax and estate planning, [contact our experts](#) or [download our year-end tax planning guide.](#)