Charitable Giving Guide

We are here to help you find ways to use your investment portfolio for charitable giving! Your best option will likely depend on your age, account types, and tax situation, so reach out to your portfolio manager to learn more and discuss the best options for you.

Getting Started

The three most common types of gifting from an investment account:

- **Gifting appreciated stock** from a taxable account to a non-profit organization.
- **Establishing a Donor Advised Fund (DAF),** donating appreciated stock from a taxable account, and then recommending gifts from the DAF to non-profit organizations.
- **Making a Qualified Charitable Donation (QCD)** of cash from your IRA, which may also satisfy your Required Minimum Distribution (RMD).

Get in touch with your accountant and portfolio manager in summer or fall to see whether gifting from your investment portfolio would be advisable. **When you start seeing fall foliage, it is time to talk to Clean Yield about your charitable giving.**

Gift Appreciated Stock from Your Taxable Account

Taxable accounts include individual, joint, transfer on death, and various types of trust accounts. Giving appreciated stock (meaning stock you would have to pay capital gains tax on if you sold it) allows you to avoid realizing taxable gains, locks in that higher market value for the charity, and rebalances risk in your portfolio. In addition, if you are itemizing your tax return, you will get the deduction benefit of the current market value of that stock. Clean Yield is happy to help facilitate this type of transaction for donations over $1,000.

If you are on the edge of itemizing your tax return, it may be worth considering bunching several years of donations into one year. This would make one year's donations larger, and thus the deduction from the donation for that year would be more than the standard deduction. For instance, you can plan to make several donations of $10,000 worth of stock in one year and itemize for that tax year — and then hold off from donations in the next two years and take the standard deduction those tax years. It's good to let the charity know this is what you are doing so that you can comfortably say no to charitable requests in the planned no-giving years.

How to gift appreciated stock: Let your PM or Walter know the amount you would like to give and the organization's name. If you are gifting cash, we can assist you with a wire transfer if needed.

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Establish a Donor Advised Fund

A Donor Advised Fund (DAF) is a separate account you establish at a financial organization, called a sponsor. Once opened at a sponsoring institution, you can fund the DAF by donating cash or appreciated securities.

You avoid capital gains tax by donating the appreciated stock and receive an income tax deduction in the year you put the assets into the DAF, rather than when the funds are distributed to a charity, subject to IRS limits. You then request or "recommend" grants for the sponsor to give to non-profits of your choice, and the sponsor makes contributions from that account to the charities you select. Contributing to a DAF counts as a charitable donation for most but not all IRS purposes (see the important exception below—QCDs).

One important caveat about DAFs rose to prominence in 2026. The DAF sponsor, the financial institution that hosts the account, is the owner of the fund and has final say over where the funds from the account are distributed. Most of the time, proof that the intended recipient is a 501(c)(3) nonprofit can suffice. However, if the intended organization is new, or tiny, or controversial, the sponsor has the right to refuse to distribute money to the organization. This issue was highlighted in 2026 when the Southern Law Poverty Center, a well-known organization that tracks hate groups, was charged by a federal grand jury in Alabama on grounds that, to many, seemed politically motivated. Several DAF sponsors, including those affiliated with Fidelity, Schwab and Vanguard, chose to ban donations from their DAFs to SPLC after the indictments, despite it not being a legal requirement to do so. While this situation may be resolved in the future, it is a reminder that donors to DAF do give up some control of their funds.

How to establish a donor-advised fund: If a DAF is of interest to you, ask your PM and we can help advise on your options. We have relationships with several DAF sponsors, including:

- Impact Assets
- Vermont Community Foundation
- Schwab's DAFgiving360

Make a Qualified Charitable Distribution (QCD)

Qualified Charitable Distributions (QCDs) can count as all or part of the Required Minimum Distributions (RMDs) that must be annually withdrawn from an IRA. While RMDs are taxable as income, the QCD, or the donated part of your RMD, does not count toward your income that year — so a QCD can significantly reduce your taxable income. Donations to a donor advised fund from an IRA do not count as a QCD — the amount can be reported as a charitable deduction, if applicable, but will be taxed as income.

How to make a qualified charitable donation: Let your portfolio manager know that you would like to make a QCD or a donation to fulfill part of your RMD. We will help with the paperwork. Make sure your accountant knows that you did a QCD, as these are not currently reported separately on your 1099-R but are indicated in your tax return.

Do your QCDs early! To satisfy the RMD requirement, a QCD gift must be received by the charity and the check cleared at Schwab by December 31 to avoid penalties. Charities are often busy at the end of the year, and this deadline can cause issues.

We're here to help! Your portfolio manager can discuss which charitable giving options will best support your goals.

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