LEHIGH VALLEY COMMUNITY FOUNDATION

ADVISOR CONNECTION

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Sudden life changes:

Charitable giving can help clients get through it

As an attorney, CPA, or financial advisor, you are no stranger to witnessing the ripple effects of life's unexpected curveballs. If you represent a client over many years, you're very likely at some point to help the client through a serious illness, a loved one's death, business challenges, marital dissolution, strained relationships with children, or all of the above. Research and survey results show that many clients' most consequential estate and financial planning decisions arise not from long-term intentions, but from sudden change. These moments are challenging because clients are often overwhelmed and unsure how to proceed, and even well-intentioned advice can feel like too much, too soon. In these situations, charitable planning can help re-anchor decision-making in values rather than fear or urgency. For many clients, generosity is one of the few topics that still feels familiar when everything else is shifting.

CHANGE IN ASSESTS

Following a divorce settlement, a client may suddenly be holding cash, concentrated stock, or other highly appreciated assets while also adjusting lifestyle expectations, supporting adult children, and rethinking an estate plan. When the client wants to be charitable but is unsure which organizations to support, establishing a donor-advised fund at the community foundation can be a natural fit. This approach allows the client to be eligible for a tax deduction when the contribution is made while taking time to decide how and when to support charities.

LOSS OF SPOUSE

A client whose spouse has recently passed away may want to make a charitable gift in the spouse's memory while also ensuring the gift benefits the community for generations to come. An unrestricted fund at the community foundation allows the client to support evolving community needs over time, including needs that cannot yet be anticipated, while also advancing the mission of LVCF itself.

RETIREMENT

A 74-year-old client who has recently retired may feel less "relevant" outside of the workforce and want to do something meaningful for the community. With substantial assets in retirement accounts and no need to rely on IRA distributions to maintain lifestyle, this client could be well suited to establish a designated fund or a field-of-interest fund at LVCF. The client may then direct Qualified Charitable Distributions from IRAs (up to $111,000 per taxpayer in 2026) to the fund, bypassing adjusted gross income while satisfying required minimum distributions.

The Community Foundation is here to help. When you are meeting with a client who is navigating one of life's inevitable rough patches, remember that charitable planning allows clients to take constructive action that brings joy, reflects identity, aligns with purpose, and helps them move from a reactive posture to an intentional one.

IN THE NEWS

Angela Connell Joins LVCF Board of Governors

Angela Connell, MBA, MSHRM, PHR, SHRM-CP, joined the Foundation's Board of Governors in January. She serves on the Foundation's Community Engagement Committee.

Angela is a human resources executive with more than 20 years of experience aligning people strategy with organizational growth across manufacturing, media, healthcare, and international business environments. She currently serves as Chief Administrative Officer at HNL Lab Medicine, where she leads enterprise-wide human resources and organizational development strategy.

Previously, Angela was Founder and Principal Consultant of Advantage HR Solutions, where she served as a fractional CHRO and strategic advisor to executive teams across the Lehigh Valley and beyond.

Angela holds a Master of Business Administration and a Master of Human Resources from Moravian University, and a Bachelor of Science degree from West Chester University of Pennsylvania. She is professionally certified as a PHR and SHRM-CP. Her community involvement includes service with United Way, Community Action Lehigh Valley, Generation Next, and ProJect of Easton's Women's United Lead initiative.

Worth a look: Charitable gifts of real estate

If your client base includes philanthropic individuals and families, you're likely aware that gifts of real estate are an option to fund charitable giving. Real estate is the largest asset class in the world, yet various industry sources suggest that only 3% of charitable giving involves gifts of real estate. Still, it's understandable that charitable real estate donations are often overlooked; the rules and process are complex. What's more, many clients struggle emotionally when they start to think about parting with their real estate.

Things might begin to change, however, as real estate ownership changes hands at a rapid pace in the midst of a major transfer of wealth over the coming years. Gen X and Millennials are expected to potentially inherit trillions of dollars in real estate, and that shift has important implications for charitable giving. As more families hold significant wealth in property rather than cash, philanthropy will increasingly involve non-cash assets, especially appreciated real estate. At the same time, many clients are reassessing properties they already own, particularly vacation homes that once felt like a dream but now feel underused, costly, or burdensome.

Given these shifting market dynamics, it is important to be aware of how real estate can be repurposed to support charitable goals in a tax-efficient way. Here are six points to keep in mind:

Gifts of long-term capital assets, including real estate, are typically eligible for a charitable deduction based on the property's fair market value, rather than its original cost when they're given to a public charity. You'll want to confirm that the property qualifies as a long-term capital asset, since the fair market value deduction is available only for property held for more than one year.

Before your client sets in motion a gift of real estate, please reach out to the community foundation team to help evaluate and coordinate the viability of the gift, as well as offer options for the type of fund or funds to receive the proceeds to achieve your client's charitable goals.

Your clients can make gifts of real estate to a donor-advised or other type of fund at the community foundation. Because the community foundation is a public charity, when the property is sold, the proceeds can flow into the fund without triggering capital gains tax. This allows a client to convert an illiquid or burdensome asset into a flexible charitable resource that can support favorite causes over time.

Additional considerations include confirming that the property is not encumbered by a mortgage or other debt, which can complicate the gift, evaluating whether depreciation recapture or unrelated business income tax could apply, and determining whether environmental due diligence is required.

As is the case with any gift of an illiquid asset, documentation and process are critical. Your client must obtain a qualified appraisal to establish fair market value and properly report the gift on Form 8283, and the transfer must be completed using appropriate legal documents, including a deed.

You'll also want to ensure that the client has not prearranged a sale of the property (even through casual conversations), which could jeopardize the deduction under the IRS's anticipatory assignment of income rules or step transaction doctrine.

Although the technical requirements can seem daunting, the payoff of a real estate gift can be substantial for both your client and the community. The community foundation is here to help with the charitable aspects of all types of gifts, and real estate is no exception. We look forward to working with you and your clients to help transform real estate into a powerful tool for lasting charitable impact.

Postmarks, rule changes, and 2025 charitable gifts

A late-2025 USPS postmark rule change surprised many donors and advisors. While IRS rules on charitable gift timing have not changed, the USPS now defines the postmark as the date of first automated processing, not when mail is dropped off. As a result, gifts mailed on December 31, 2025 may carry a January postmark—potentially shifting a deduction to 2026.

What to do now: Clients may still substantiate a 2025 gift using alternative proof (e.g., Certificates of Mailing, retail counter postmarks, records).

Going forward: Encourage electronic gifts or donor-advised funds to avoid year-end uncertainty.