

Tax Advantaged Gifts at Settlement

Since 1908, Settlement Music School has kept its promise to the Philadelphia region of offering high quality music and related arts education to all who seek it, regardless of race, background, or economic circumstances. We are so grateful to be helped in this enduring mission by our dedicated Settlement friends and family.

Many of our donors find great tax advantages while helping our mission by leveraging gifts of stock or distributions through their retirement funds. In 2020, there is a special provision through the CARES Act that makes it easier to support charitable institutions. Regardless of how you choose to make your gift, we recommend that you consult with qualified professionals regarding tax advantaged gifts.

IRA Charitable Rollover

Making a gift to Settlement from your IRA is a tax-smart way to support community arts education.

If you are 70 ½ or older, the IRA Charitable Rollover allows you to make a “qualified charitable distribution” directly from your IRA. Gifts up to \$100,000 are excluded from your federal income. If you file a joint return, each spouse can exclude up to \$100,000 for a maximum of \$200,000 each year. This charitable distribution will even count towards your required minimum distribution.

You can enjoy these special tax savings when:

- The distribution is made from either your Traditional or Roth IRA.
- The distribution is made directly by your plan administrator to Settlement.
- Please use the following information to make the distribution:

Settlement’s Legal Name: Settlement Music School of Philadelphia

Tax ID: 23-1352676

Address: 416 Queen Street, Philadelphia, PA 19147

Phone Number: (215) 320-2682

How to Give

Contact your plan administrator and request that a “qualified charitable distribution” be made directly to Settlement. It is important to know that if you first receive the distribution and then donate it, the gift **will not** count as a qualified charitable distribution. We encourage you to consult with your advisors to fully understand the legal and financial impact of your charitable gift.

Gifts of Appreciated Stock

Do you own stock that has increased in value? Have you owned it for more than a year?

If the answer is yes to both questions, you can donate those stocks to Settlement Music School and make a lasting impact on community arts education in Philadelphia.

Tax Savings

There's more! You can enjoy a tax benefit when you donate appreciated stock. You may claim a generous tax deduction for what the stock is worth today. You can also avoid paying capital gains tax on the transfer of the stock.

How to Give

Giving stock to Settlement is simple. By working with your broker, you can donate stock electronically or by registered mail. It is also possible to name Settlement as a beneficiary of your stock account – a popular option for those who desire more flexibility.

To Execute an Electronic Transfer of Stock

Brokerage: Wells Fargo Advisors

DTC Number: 0141

Account Name: Settlement Music School

Account Number: 1971-1322

Charitable Giving and the CARES Act

The CARES Act provides numerous incentives to individuals and corporations to increase their charitable giving. As in all such decisions, please discuss these items with a financial advisor to see how these changes can benefit you.

Are you itemizing deductions?

The adjusted gross income (AGI) limit for cash contributions was increased for individual donors. For cash contributions made in 2020, you can now elect to deduct up to 100 percent of your AGI (increased from 60 percent).

Interested in corporate giving?

The AGI limit for cash contributions was also increased for corporate donors. Corporations can now deduct up to 25 % of taxable income (increased from 10%).

Not itemizing?

The CARES Act allows for an additional, “above-the-line” deduction for charitable gifts made in cash of up to \$300. If you are not itemizing on your 2020 taxes, you can claim this new deduction.

Wondering about your Donor Advised Fund?

These new incentives apply only to cash contributions to public charities and do not apply to contributions to supporting organizations or public charities that sponsor donor-advised funds.

However, there have been no changes to existing deductions for contributions made into a donor-advised fund. This means you are still able to deduct up to 60 percent AGI in cash and up to 30 percent AGI in appreciated assets contributed to a donor-advised fund.

Existing carry-over rules still apply, so if your donations in 2020 exceed your AGI deduction limits, you may carry forward excess deductions for up to five subsequent tax years.

What about IRA Qualified Charitable Distributions (QCD)?

The CARES Act did not change the rules around the QCD which allows individuals over 70½ years old to donate up to \$100,000 in IRA assets directly to charity annually, without taking the distribution into taxable income.

However, remember that under the CARES Act, an individual can elect to deduct 100 percent of their AGI for cash charitable contributions. This effectively affords individuals over 59½ years old the benefits similar to a QCD; they can take a cash distribution from their IRA, contribute the cash to charity, and may completely offset tax attributable to the distribution by taking a charitable deduction in an amount up to 100 percent of their AGI for the tax year.

If you are planning a large donation in 2020, this may be a smart strategy as long as you are between the ages of 59½ and 70½ and are not dependent on existing retirement funds.

We are here to help

If you or your financial planner needs additional information to help take advantage of tax advantaged gifts or CARES Act benefits, please contact Chief Advancement Officer Amelia Schmertz at (215) 320-2682 or amelia.schmertz@settlementmusic.org.

How will my gift be used?

While donors have the opportunity to designate their gift purpose (to be approved by the Central Board of Trustees if it falls outside general guidelines) we recommend that you consider the following ongoing needs for support at the School:

Financial Aid: Settlement Music School's founding principle is to remove all barriers to music study. Annually, the School distributes \$2.6 million in financial aid. Funds to support financial aid are always needed. We appreciate when there are few restrictions placed on the allocation of financial aid, as this allows us the greatest flexibility to serve students where the help is needed the most.

Building and instrument maintenance: With five branches, 150+ pianos, expanding needs for technology, and an active instrument loan program, there is a great need to maintain our facilities and critical equipment for generations of students to come. A gift to support infrastructure will allow us to continue to create the best environments for learning.

The Fine Print: All gifts are required to meet the School's Gift Acceptance Policy as stated by Settlement's Board of Trustees ([LINK](#)). Gifts of \$50,000 or less that are otherwise not designated will be used for current operational needs. Gifts that *exceed* that amount will be used in the manner to best serve the School, as determined by the Board of Trustees. Gifts that carry a cost for the School or that are for designated purposes other than general operating support are accepted at the discretion of the Central Board of Trustees

The minimum amount to establish a permanent endowment fund is \$50,000. Gifts of more than \$50,000 may be designated by the donor to the permanently restricted endowment and the purpose must be accepted by the Central Board of Trustees.

Gifts of tangible property, goods or real estate will be accepted on a case-by-case basis, per the School's Gift Acceptance Policy. Such gifts must be approved by the Central Board of Trustees and will be credited at Fair Market Value (FMV), as determined by a qualified independent appraiser.