Current tax laws provide significant benefits for charitable giving. Specifically, amounts given are a write-off against taxable income. There are even greater benefits when giving long-term assets that have appreciated in value since the time when they were purchased.

Let's say you own 1,000 shares of a publicly traded company that you bought for $5,000 and that are now worth $50,000.

If you sell the shares, you will face a federal capital gains tax on your $45,000 gain, typically 15% × $45,000 = $6,750 tax. Note that currently, long-term capital gains (LTCG) are taxed at a lower rate than ordinary income.

Perhaps you'd like to sell the shares because you feel that it's time to harvest those gains, and you'd also like to use the after-tax proceeds ($50,000 – 6,750 = $43,250) to help fund your charitable giving. The full amount of the gift is deductible against your ordinary income, example: 28% × $43,250 = $12,110 tax savings. Under this arrangement, the tax savings from the charitable contribution will more than offset the LTCG tax on the sale of the shares. Here's the math:

$12,110 (tax saved by charitable contribution)
– $6,750 (LTCG tax on sale of shares)
$5,360 (net tax savings)

Not bad, but the better solution is to donate the shares directly to the charity rather than selling them yourself. By doing so, you benefit in three ways:

You get to take a charitable deduction at the fair market value of those shares—$50,000. Taxes saved: 28% x $50,000 = $14,000.

In addition, you won't owe a penny of capital gains tax on that $45,000 gain. The gain is instead assumed by the charity, but because they're tax-exempt, no tax is owed. LTCG taxes owed: $0.

The value of those shares is removed from your estate - reducing your potential exposure to estate taxes.

Now, since there is no taxable gain recognized on the sale of the shares, you now have two tax savings; the charitable deduction and the elimination of the LTCG tax. Here's the math:

$14,000 (taxes saved by charitable contribution)
– $0 (LTCG tax on sale of shares)
$14,000 (net tax savings)

Net tax savings are much more than double! Plus, the charity receives a full $50,000 instead of the net (after LTCG tax) proceeds of only $43,250. That's an added benefit of $6,750.

But what if you want to donate the funds to more than one charity and/or you haven't decided just yet where all of the funds are ultimately to go?