

The Tax Play That Could Maximize Your Clients' Deductions Before Year-End

Learn how to turn your clients' charitable goals into tax-efficient income, legacy, and deduction strategies before the rules change.

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Why Waiting Until December Could Be the Most Expensive Mistake of the Year

Every December, clients rush to make charitable gifts - but most do it reactively, writing checks instead of planning ahead.

Meanwhile, trillions of dollars sit in appreciated assets like stocks, real estate, or business interests - all trapped by one thing: **taxes**.

As the mid-December **charitable giving** deadlines approach, advisors have a narrow (but important) window to help clients unlock those gains, **reduce this year's tax bill**, and create meaningful impact for causes they care about.

That's where **Charitable Remainder Trusts (CRTs)** and **Donor-Advised Funds (DAFs)** come in - two tools that turn generosity into strategy and strategy into legacy.

Through **Dunham**, advisors can implement both - from establishing CRTs that convert appreciated assets into a **tax deduction and potential lifetime income**, to using the **Dunham Donor-Advised Fund** as the legacy vehicle that carries those charitable dollars.

Because the best gifts aren't just given - **they grow**.

Why This Matters Now: The Coming 2026 "Haircut and Shave" Rules

Beginning in 2026, the **One Big Beautiful Bill Act (OBBBA)** will make charitable giving **less tax-efficient** for the charitably inclined.

For instance, two new rules will limit deductions:

- **The Haircut:** Only donations above 0.5% of adjusted gross income (AGI) will be deductible.
- **The Shave:** Even though top earners will still be taxed at **37%**, their deductions will only deliver a **35% benefit** — effectively reducing the impact of every dollar donated. **In short**, the same charitable gift will be worth less in tax savings **after 2025**.

By helping clients implement a **CRT-DAF** strategy in 2025, advisors can:

- **Lock in today's higher deduction limits**
- **Avoid the 0.5% floor and new deduction reductions**
- **Use appreciated assets to eliminate capital gains exposure**

So make sure this year isn't just another giving season - but a **final opportunity** to act before the rules change.

CRTs: The Income + Legacy Combo

How a Charitable Remainder Trust Turns Taxes Into Income

For clients with highly appreciated assets, selling can trigger large capital gains.

A **Charitable Remainder Trust (CRT)** helps solve that - while potentially creating lifetime income and a significant tax deduction.

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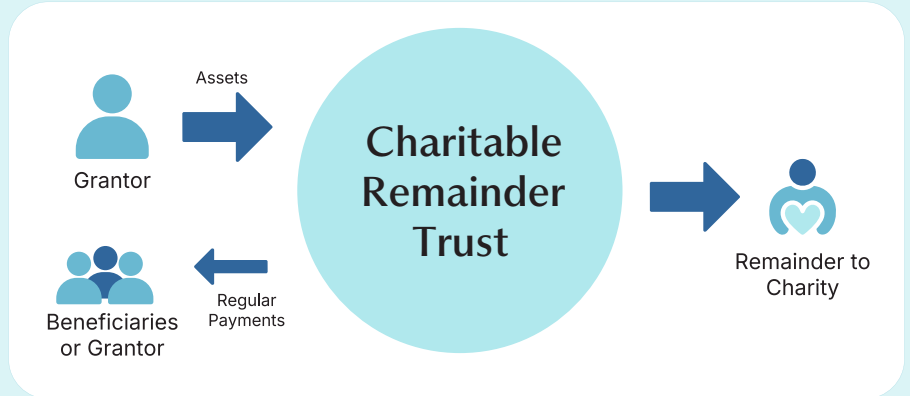
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How It Works

- 1 The client donates appreciated assets (like stock or real estate) into the CRT.
- 2 The CRT sells those assets tax-free and reinvests 100% of the proceeds.
- 3 The trust pays income to the clients potentially for life or a set number of years.
- 4 The client receives an immediate charitable deduction.
- 5 The assets are removed from the estate.
- 6 When the trust ends, the remainder goes to charity.



For Illustrative Purposes Only

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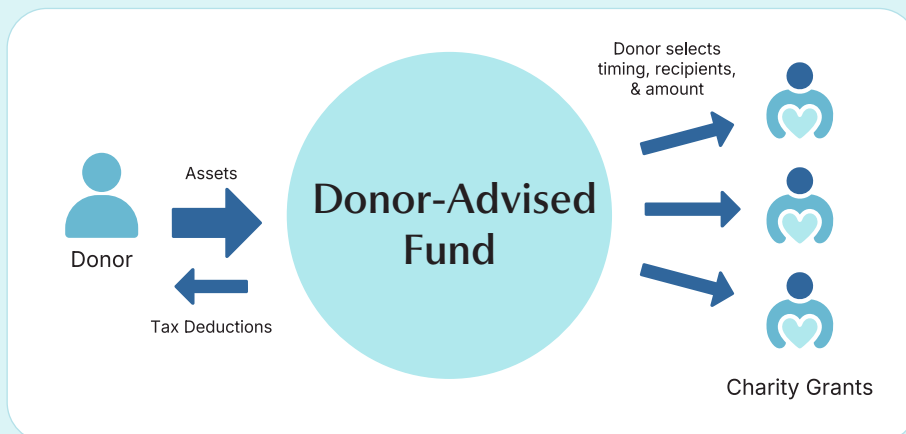
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How It Works

- 1 The CRT names the DAF as its remainder beneficiary.
- 2 When the trust ends, those assets flow directly into the DAF.
- 3 The DAF becomes a flexible giving account - a family "charitable hub."
- 4 The family recommends grants to multiple charities over time.
- 5 Investments inside the DAF grow tax-free - expanding long-term impact.



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At a Glance: Comparing Charitable Giving Strategies

Strategy	Immediate Deduction	Income Stream	Legacy Potential	Keeps Advisor Involved
Direct Gift (Check to Charity)	✓ Yes	✗ No	✗ No	✗ No
Charitable Remainder Trust (CRT)	✓ Yes	✓ Yes	! Limited (Remainder leaves advisor's management)	! Partial
CRT + Donor-Advised Fund (DAF)	✓ Yes	✓ Yes	✓ Strong (Family-directed giving for years)	✓ Yes

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Example: A client donates **\$1 million** in appreciated stock with a **\$200,000 cost basis** to a **Charitable Remainder Trust (CRT)**. The trust sells the stock **tax-free**, reinvests the full proceeds, and provides potential lifetime income. The client avoids roughly **\$160,000 in capital gains plus state taxes**, earns a **charitable deduction**, and **diversifies their portfolio** - creating income today and a charitable legacy for the future.

- **For Clients:** Defers gains, creates income, and establishes a legacy.
- **For Advisors:** Strengthens long-term relationships and deepens multi-generational planning.

Thus, the CRT turns a tax *problem* into a *purpose* - **creating income for today and impact for tomorrow.**

When a CRT Flows Into a DAF: Let the Remainder Live On With You

Every CRT ends with a remainder - the assets that go to charity after the income term. But here's where most advisors stop the story.

- With a **Charitable Remainder Unitrust (CRUT)**, those remainder assets typically pass *directly* to the designated charity when the income beneficiary passes away or when the trust term ends.

But what if, instead of giving that remainder to a single charity, your client could use it to create a lasting **giving vehicle** - one that extends their legacy **and your relationship** with the next generation for years to come?

That's exactly what happens when you **pair a CRT with a Donor-Advised Fund (DAF)**.

Advisor Advantage: In a traditional CRT, the remainder leaves your management. But by naming a DAF instead, those assets transition into a charitable account **you** continue to manage, allowing you to stay connected with the family's wealth and legacy.

Put simply, the CRT creates charitable capital. And the DAF keeps it working for good (and for your ongoing client relationship).

Why the CRT-DAF Combo Is a Cornerstone Giving Strategy

Advisors know clients want to give. The real question is how to do it wisely.

Here's how the **CRT-DAF combination** compares to other common giving strategies:

DAFs: The Giving Engine for Modern Philanthropy

Simple. Flexible. Built for Modern Giving.

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A **Donor-Advised Fund (DAF)** works like a family foundation - only simpler, faster, and more cost-efficient.

Key Benefits:

- **Immediate Deduction:** Donors receive a full charitable deduction the year they contribute.
- **Tax-Free Growth:** Investments inside the DAF grow tax-free.
- **Capital Gains Elimination:** Donating appreciated assets avoids gains entirely.
- **Flexible Giving:** Support multiple charities over multiple years.
- **Family Legacy:** Involve children and grandchildren in charitable decisions.

Example: For Example: A retired couple set up a CRT during their lifetime. After their passing, the remainder **funded a DAF**, managed jointly by their advisor and successor donors (the children). This allowed the advisor to **stay connected, continue guiding the family's philanthropy, and preserve the AUM relationship across generations.**

DAFs combine the simplicity of a named account with the impact of a private foundation - without the cost and red tape.

Why the CRT-DAF Combo Is Key for Advisors

A Strategy That Strengthens Relationships and Retains Assets

For Clients:

- **Eliminates capital gains taxes at the point of sale** and reduces current-year taxes
- Gets a meaningful deduction
- Creates predictable retirement income
- Builds a family legacy through the DAF remainder
- Simplifies multi-charity giving

For Advisors:

- Keeps charitable assets under management
- Opens doors to next-generation relationships

- Builds trust with CPAs and estate attorneys
- Positions you as a long-term partner, not a one-time planner

It's rare to find a strategy that pays income, saves taxes, and builds goodwill - all at once.



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DISCLOSURES:

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Investors should consider the investment objectives, risk factors, charges, and expenses of the Dunham Funds carefully before investing. This and other important information is contained in the Fund's summary prospectus and/or prospectus, which may be obtained by calling (800) 442-4358. Please read prospectus materials carefully before investing or sending money. Investing involves risk, including possible loss of principal.

Past performance may not be indicative of future results.

Federal and state laws and regulations are complex and subject to change, which can materially impact your results.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

All examples are hypothetical and for illustrative purposes only. We encourage you to seek personalized advice from qualified professionals regarding all personal finance issues. The solution for an investor depends on their and their family's unique circumstances and objectives.

Risks Associated with all three trusts in the DTC IRA Trust Trilogy:

Current tax environments are subject to change at any time and no one can predict with certainty what Congress or the IRS may do.

Dunham Trust Company does not guarantee the investments in the DTC IRA Trust Trilogy as investments are subject to risk and market fluctuation, including possible loss of principal. Dunham Trust Company does not guarantee that your investment objectives will be achieved.

Fees Associated with all three trusts in the DTC IRA Trust Trilogy:

To maintain a DTC IRA Trust Trilogy you may incur fees and expenses. Generally, there are no administrative fees associated with the DTC IRA Special Situations Trust and DTC IRA Charitable Trust until the IRA owner passes, at which point the trust administration fee schedule published at the time will apply. However, the fees related to the DTC IRA Replacement Trust will be subject to the published fee schedule at the time the trust is established.

Charitable Remainder Trust:

Charitable deductions at the federal level are available only if you itemize deductions. Rules and regulations regarding tax deductions for charitable giving vary at the state level, and laws of a specific state or laws relevant to a particular situation may affect the applicability, accuracy or completeness of the information provided. Dunham Trust Company cannot guarantee that such information is accurate, complete or timely; and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Always consult an attorney or tax professional regarding your specific legal or tax situation.

Although the trust itself is a tax-exempt entity, the trust income distributed to beneficiaries is taxable, according to terms dictated by the U.S. Internal Revenue Code and accompanying U.S. Treasury regulations.

Because the annuity payments from CRATS are fixed and must immediately begin after the creation of the trust, the underlying assets within the structure must be kept highly liquid.

Income tax consequences for the donor can be complex, depending on the individual situation. All or some of the income from the trust may be taxed at ordinary income rates, but part may be taxed at lower capital gains tax rates, or may even be tax-free, for some years.

Dunham Trust Company does not guarantee the completion of the installment note as investments will be subject to market conditions.

Donor Advised Fund

A donor advised fund ("DAF") is a separately identified account that is maintained and operated by a section 501(c)(3) organization and is not a registered investment company.

The Dunham DAF is powered by University Impact ("UI"), a registered 501(c)(3) nonprofit in the United States who manages the charitable aspects of the Dunham DAF.

UI charges fees to the Dunham DAF for administrative services in accordance with the Fee Schedule as outlined in Appendix A of the UI Donor Advised Fund Agreement ("Agreement"). Accounts are required to maintain a \$1,000 minimum balance and are subject to support investment fees as explained in the Agreement. A list of current fees and initial gift minimums is available upon request. UI reserves the right to change its fee or minimum policies at any time. There may be additional fees charged by the Financial Advisor that are separate from UI's administrative and impact investment fees.

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Contributions to the Dunham DAF are irrevocable contributions made to UI, a public charity.

Assets contributed to the Dunham DAF (once liquidated, if applicable) will be invested in the Dunham Asset Allocation Program sponsored by Dunham & Associates Investment Counsel, Inc., a Registered Investment Adviser and Broker/ Dealer. Member FINRA/ SIPC. Dunham Trust Company and Dunham & Associates Investment Counsel, Inc. are affiliated entities.

All financial decisions and investments involve risk, including possible loss of principal. The market value of the Dunham Donor Advised Fund is not guaranteed by UI and may fluctuate depending upon investment results. Investors should carefully consider a fund's investment goals, risks, sales charges and expenses before investing. The prospectus contains this and other information. Please read the prospectus carefully before investing or sending money.

Investment allocations may be changed according to Dunham's standard policies and procedures. UI may hold up to 5% of the Dunham DAF assets in non-interest bearing cash at any time.

As the Program Sponsor, Dunham charges each donor a single service program fee ("Program Fee") not exceeding 0.25%.

In addition, a Financial Advisor may charge a client/donor an asset-based advisory fee ("Advisory Fee") as specified in the Advisory Agreement. Detailed advisory and expense fee information about the Dunham Asset Allocation Program is available in the Wrap Fee Program Brochure available upon request.

As investment adviser to the Dunham Funds, Dunham receives the investment advisory compensation described in the Dunham Funds' prospectuses and such fees are borne by all shareholders in the Dunham Funds, including the donor.

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Trust services offered through Dunham Trust, an affiliated Nevada Trust Company.