



Contact: Ben Palkowski, Attorney, CPA  
ben@OldColonyLaw.com  
(413) 387 – 0080

**CAMPAIGN FINANCE AND ESTATE PLANNING**  
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Philanthropy and political giving are often viewed as two completely different things, but isn't the latter just a subset of the former? From a client's perspective consider how traditional *charitable giving* and *political giving* go hand-in-hand, and influence each other:

- With charitable giving, clients are often supporting organizations whose very existence is a direct result of government failure or inaction.
- With political giving, clients are often seeking political culture and leadership that are sympathetic to their views.
- Charities are prohibited from engaging in "political activity," yet may engage in issue advocacy and voter registration activities.

Here are some examples to illustrate how clients may consider incorporating political giving into their philanthropy.

***Example 1 – Gift Tax Exclusion***

Hannah Hadley plans on gifting \$100,000 this year to her daughter, Amanda Amherst, who just announced a candidacy for Happy Valley Senate. If Hannah gifts \$100,000 to Amanda personally, then Hannah will have to consider gift tax consequences, as the annual gift tax exclusion amount for 2026 is only \$19,000. If Hannah instead donates \$100,000 to A Happy Future for the Happy Valley, a super PAC that supports Amanda, then there are no gift tax consequences to Hannah.

### ***Example 2 – Capital Gain Tax Exclusion***

Hannah Hadley does not prefer to support individual candidates for office as much as she prefers to support organizations that lobby elected officials on the issues she cares about. Hannah is short on cash but has 10 shares of Happy Valley, Inc. stock she purchased in 2020 for \$100,000, currently valued at \$200,000. If Hannah liquidated the stock, she would have to pay a capital gain, thereby reducing the amount she is able to give. If Hannah instead contributes the stock to a 501(c)(4) organization, she avoids the capital gain tax.

### ***Example 3 – Testamentary Political Contributions***

Hannah Hadley is a diehard supporter of the national Purple Political Party. Hannah wants to make good on her promise to be a lifelong donor, and ensure that she gives the fullest amount allowable to the Purple Political Party every year, including the year of her death. She includes a clause in her Trust as follows:

*My Trustees shall give the then maximum allowable amount to the Purple Political Party, a national party committee under the Federal Election Campaign Act. The maximum allowable amount shall be determined by subtracting the sum of all contributions I made to the Purple Political Party in the year of my death in my name and any contributions from the Hannah Hadley Revocable Trust from the then contribution limit applicable to contributions made by persons to national party committees in the year of my death.*

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### ***Political Philanthropy Considerations***

- ✓ Contribution amount limitations
- ✓ Contribution source restrictions (e.g., foreign nationals, federal contractors)
- ✓ Tax treatment (political contributions exempted from gift tax, but not estate tax)
- ✓ Privacy (donors identified in campaign finance reports)
- ✓ Short-term vs. long-term objectives

### ***Estate Planning Considerations for Public Officials and Candidates for Public Office***

- ✓ Proper incapacity planning to protect privacy, minimize disruption
- ✓ Disclosure obligations of investment holdings, tax returns and business interests
- ✓ Campaign funds for *personal* security may be permissible despite “personal use” prohibition
- ✓ Disposition of campaign funds upon death
- ✓ Establishing nonprofit entity in addition to campaign committee

*No AI was used in the creation of this document, nor the ideas, thoughts or concepts contained herein.*