



Top Questions: Charitable Contributions and Income Taxes

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Top Questions: Charitable Contributions

- ◇ Timing – Short and Long Term
- ◇ Method – Cash, Securities, IRA, Appreciated Assets

Timing of Charitable Contributions

- Long-term
 - Significant Gift – Do you want to see the result of your contribution?
 - Contribution during Lifetime vs Contribution from Estate (Bequest)
 - Work with your Financial Advisor related to timing of significant donations.
- Short-term
 - TCJA (Tax Reform – 2018) – reduced the tax incentive for charitable donations.
 - Standard Deduction increased to \$12,550/\$25,100.
 - What is your motivation for giving?
 - Double up donations every other year.
 - Donor Advised Funds
 - High Income year. Charitable contributions have higher return at higher tax bracket.

Method

Cash Donations

- Standard Deduction
 - \$300 Single / \$600 MFJ
- Itemized Deductions
 - Deduction up to 100% AGI

Non-Cash – Appreciated Securities or Other Assets

- Must be held greater than 1 year.
 - Stocks, Real Estate, Art & Collectibles, etc.
- Deduction equals the Fair Market Value of the Security or other Asset on the date of the donation.
 - Appraisal required for assets other than publicly traded securities.
- Limited to 30% of AGI
 - Excess will carry forward.

Qualified Charitable Distribution from your IRA (QCD)

- Reduces the taxable amount of your IRA.
- Satisfies your Required Minimum Distribution.
- Don't need to itemize your deductions.
- Reduces AGI which can have an impact on other deductions or additional taxes subject to AGI levels.

Conclusion

- With proper planning you can maximize your tax benefit while helping those charities you care about.
 - \$1,000,000 Donation resulted in \$900,000 Income and Estate tax savings.
- Talk with your CPA or Tax Professional and do tax planning related to Charitable Giving.
- Tax should be a factor in your decision making, but don't let Tax be the only factor.