Planning Your Charitable Giving for 2019

Presented by Marla Petti

A new year has begun. It's time to evaluate what worked well for you financially in 2018 and whether you need to make any changes for 2019. As you do that, you'll want to put together a plan for this year's charitable giving.

A good place to start the process is to consider the following items:

1. Review your donations for 2018 and how you made them. How much would you like to donate in 2019?
2. Did you exceed the standard deduction and itemize your taxes for the 2018 tax year? Do you anticipate exceeding the standard deduction and itemizing your taxes for 2019?

2019 Standard Deductions			
Married Filing Jointly and Surviving Spouse	$24,400	Married Filing Separately	$12,200
Single	$12,200	Head of Household	$18,350

3. Are you age 70½ or older? Do you have an IRA or inherited IRA?

Charitable giving strategies to consider

Next, you'll want to decide on a strategy for this year's giving. Maybe one or multiple strategies can work together to create an effective plan to benefit your favorite charities. Below are several strategies to mull over.

- **Group your charitable contributions together.** The Tax Cuts and Jobs Act of 2017 brought us a higher standard deduction. Unless you have enough deductions to itemize above the standard deduction threshold, you may not be able to deduct your charitable contributions. Therefore, in combination with other deductions, you might want to consider grouping multiple years of charitable contributions together into a single year to generate a deduction larger than the standard amount.

- **Contribute to a donor-advised fund (DAF).** If you are interested in grouping charitable deductions together but would prefer spreading the distributions to charities out over a period of years, a DAF may be an option for you. It is a charitable giving vehicle that allows you to contribute as frequently as you desire and to recommend grants to your favorite charities from your fund. It can also be used to create a pool of money that will encourage giving by your family for generations to come.

  A DAF is established through a public charity, so you can receive an immediate charitable tax deduction when you exceed the standard deduction threshold and itemize taxes. With the 2017 tax law, charitable deductions are limited to 60 percent of adjusted gross income (AGI) for cash gifts to the DAF or 30 percent of AGI for long-term appreciated assets (e.g., stock) to the DAF. **Please note:** You can also avoid capital gain taxes on gifts of appreciated assets to the DAF.

- **Donate appreciated assets directly to charities.** If you have stock or another asset that has increased in value over the years, you can gift the appreciated asset directly to a charity. Gifting appreciated assets directly may avoid the inconvenience of selling the assets, as well as the realization of a taxable gain. In addition, the gifted assets may qualify for a charitable deduction if you exceed the standard deduction threshold and itemize your taxes. Charitable deductions are limited to 30 percent of AGI for long-term appreciated assets (e.g., stock) gifted to a public charity.

- **Consider a qualified charitable distribution (QCD).** If you are 70½ or older and have an IRA or inherited IRA, you may contribute up to $100,000 from your IRA directly to a 501(c)(3) qualified charity without having to include that distribution as income. The QCD can go to a single charity or to a variety of charities.

  You can make multiple QCDs if the total of all your distributions stays within the $100,000 annual limit. In addition, the distribution may be counted as your annual IRA required minimum distribution. Also, it doesn't matter whether or not you itemize deductions for taxes because a QCD is not eligible as a charitable deduction.

These are just a few of the strategies that may be available to you. As always, before making any decisions, a best practice is to consult your financial advisor and a tax professional.

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