TAX & ESTATE PLANNING

CHARITABLE & GIFTING STRATEGIES

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The Tax Cuts and Jobs Act passed in December 2017 preserved tax benefits associated with charitable giving to qualified charities.

Common charitable organizations include:

- ☐ Religious - church or other affiliations
- ☐ Charitable - hospitals, Alzheimer's association, Multiple Sclerosis Foundation, etc..
- ☐ Education - private high school, college or university
- ☐ Scientific - medical research, such as the Cancer Research Institute, etc..
- ☐ Veterans - Wounded Warrior Project, Hope for the Warriors, etc..
- ☐ Some Fraternal orders - such as, The Fraternal Order of Eagles Charity Foundation
- ☐ Volunteer Fire Departments & Civil Defense organizations

Outright gifts made by credit card or check generally provide an immediate tax deduction. Keep records of all donations and especially cash and non-cash donations.

Planned giving allows a person to make larger gifts, for example, a donation of highly appreciated stock held longer than one year. A good way to donate stock is to give it to a donor-advised fund at a brokerage firm, mutual fund or community foundation. This allows you to take the charitable deduction when you give the shares and provides an unlimited time to determine which charities to support. Some people who no longer need life insurance for heirs may give gifts of life insurance by naming a charity or more than one charity as beneficiary.

Certain charitable trusts may be established to benefit a donor, a donor's heirs and a charitable organization. A charitable trust is irrevocable and allows donor to set aside assets for charitable purposes depending on priorities with respect to estate planning, tax planning and philanthropic objectives. If setting up a charitable trust is of interest, be sure to discuss with your financial, tax and legal advisors to determine the feasibility and appropriateness of a charitable trust for you.

Sometimes people ask if gifts to family or others are tax deductible. The answer is "no" to gifts to anyone other than a qualified charity. However, some people give annual gifts to family and others because they wish to reduce their estate while also helping their loved ones during their lifetime. In 2018, every person may give up to $15,000 per recipient as a gift. A husband and wife can double the gift for each recipient without incurring any gift tax. In 2018, the gift tax exclusion amount per person is $11,200,000, so gift tax probably is not an issue for most people. For further information about Gift Taxes, refer to Publication 559 at www.irs.gov.

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Some people use a gifting strategy to reduce Federal taxable income by donating IRA distributions directly to a charity or to more than one charity. By doing so, the distribution is not recognized as taxable income in the year of the donation, and there is no tax deduction for the contribution. Up to $100,000 per year may be gifted through an IRA distribution.

Some people may drive their vehicle for a charitable purpose. In doing so, the standard tax deduction for use of your vehicle this year is 0.14 cents per mile in service of charitable organizations. Keep good records of this activity and consult your tax advisor with any specific questions.

Many people love to give to qualified charities to meet their philanthropic goals. Fortunately, the tax benefits associated with charitable giving have been preserved through the Tax Cuts and Jobs Act of 2017. Many people also love to provide gifts to their family members in their lifetime. In either case, it is a wonderful thing to be a position to give of your resources and to see others benefit from your generosity.