

A SHORT OVERVIEW OF HOW THE NEW TAX LAW AFFECTS CHARITABLE GIVING

A longer article will appear on our website at the end of the year.

A significant change in the 2018 tax reform is that the standard deduction will increase to \$12,000 for individuals and \$24,000 for joint filers. Simply put, this means that your ability to claim charitable contribution deductions may depend on whether you have enough other itemized deductions to exceed the standard deduction.

This key provision may mean that fewer people will qualify or take the time to itemize deductions and consequently community organizations and foundations (like us) may see a drop in charitable giving. A lower tax rate will also mean more discretionary income that can be used for charitable giving.

However, those that do itemize their deductions can continue to deduct donations to qualified charitable organizations and can realize significant benefits. Because of the tax benefits there are several options to consider:

- Bundling itemized deductions
- Donor-advise funds
- Gifts returning income
- Choosing correct asset contributions
- Charitable roll overs
- Charitable bequests
- Direct transfer of IRA balances to a charity

This last suggestion is really income tax planning and has become important because untaxed retirement accounts make up a growing percentage of estate value. Since they will be taxable to heirs, a consideration would be using these untaxed assets to fulfill charitable bequests and leave other appreciating assets, such as real estate, to individuals.

We sincerely hope that you will continue to support The Bisbee Foundation.

This information is not intended for financial planning, an advisor is best for your personal situation. A longer article will appear on our website at the end of the year.