

CHARITABLE GIVING TAX STRATEGIES

Many more taxpayers are now taking the standard deduction as a result of the Tax Cuts and Jobs Act. The increase in standard deduction coupled with changes to certain itemized deductions reduces the ability of taxpayers to itemize deductions. As a result, a little more planning is needed to maximize the tax benefit from charitable donations.

For 2019, the standard deductions are:

	Married filing jointly	Single	Head of Household
Under age 65	\$24,400	\$12,200	\$18,350
Ages 65 and above	\$27,000	\$13,850	\$20,000

Under the new rules, state and local tax deductions are limited to **\$10,000** and miscellaneous itemized deductions have been **eliminated**. Many taxpayers are not eligible to take medical deductions because of the high threshold. Therefore, the determination of whether or not to itemize often comes down to the total of mortgage interest and charity.

If you're close to itemizing, you may want to think a little bit differently about your charitable donations.

Below are some strategies to consider for giving to charity under these new rules:

- **Increase donations in one year and take the standard deduction in the next year. Bunching donations can be accomplished by timing or using a donor advised fund.**
- **Donate appreciated stock. By donating the appreciated stock, you can get the benefit of a charitable deduction for the FMV of the stock and avoid paying capital gains taxes on the appreciation.**
- **If you are at least 70 1/2, consider making donations directly from your IRA to a charity. A Qualified Charitable Distribution satisfies your RMD and is not included in your taxable income.**
- **Take advantage of credits when you donate to charities eligible for state tax credits. These donations allow a tax credit which typically reduces your state tax by 50% of the donation amount. Make sure to coordinate with the charity to make sure credits are remaining.**
- **In years you will be itemizing, don't forget to track charitable mileage and your non-cash donations throughout the year.**

Spending a little time coordinating your charitable giving can have a significant impact on your tax savings. In some cases, you can combine some of these giving strategies to get even more benefit.

To learn more about these giving strategies or more advanced planning, contact your Anders advisor.