FAMILY EQUALITY COUNCIL

How recent tax code changes may impact your charitable giving

If you support nonprofit organizations, the government's recent tax code revisions may impact how you choose to structure your charitable giving!

Based on our research, here are some potentially helpful highlights of the new code for individual donors (single or married):

- ✔ The top tax bracket starts at $500,000 for individuals and $600,000 for married couples. If you are in a federal tax bracket in which you can still itemize deductions, each dollar of charitable deductions may cost significantly less to you as the donor.
- ✔ If you are just under the threshold for itemizing deductions, accelerating pledges or "clumping" two years of giving into one year can result in a tax benefit that may otherwise be lost over two years.
- ✔ Contributing appreciated stock may be a win/win for you as a donor. You can deduct the Fair Market Value of the stock as a donation and not have to contend with capital gains taxes, as well as regular state income tax on gains (where applicable).
- ✔ Donor Advised Funds can be created with a little as $5,000. This is no longer a strategy for only the affluent. It is great for donors who may have a one-time windfall from the sale of property, stock gains, company stock, etc.
- ✔ Senior donors who are required to withdraw from retirement accounts at age 70 ½, but don't need the funds, can directly transfer Required Minimum Distributions (RMDs) to a charity, up to $100,000 each year. Donors avoid the income tax on this money.
- ✔ If you are an owner of a "C" Corporation business, you may be able to make your charitable donations through your business. This may lower your taxable business income. Only entities structured as "C" Corporations may be able to deduct charitable donations.

We strongly suggest you consult an accountant or attorney before making any formal decisions.

- ✔ If you are partners in a partnership or LLC, your business might purchase advertisements in a charitable event program book. This may be an advertising or public relations expense, deductible from your business income.
- ✔ The new tax law no longer allows business deductions for "entertainment." Therefore, if your business purchases a table for a charitable dinner, it is not a deductible business expense. As always, however, it can still be a charitable donation on the individual partner level.
- ✔ The money you spend as a volunteer on behalf of the charity can be considered a cash donation. Examples include: travel, meals, office supplies, hosting events, etc. Note: although charities highly value your volunteer time, you may not deduct volunteer time from your taxes.
- ✔ And, of course, every thoughtful review of your gift planning for 2018 should include thoughtful planned giving for the future. **Please contact Matthew Ramsey, Chief Development Officer, to discuss adding Family Equality Council to your estate and retirement planning.** *Email mramsey@familyequality.org*