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Charitable Giving

Maximizing the impact of your donation

Itemizing your charitable deductions on your tax return is just one way to take advantage of the tax benefits of charitable donations. Here are some other considerations when donating to charity.

Gift Long-Term Appreciated Assets

Gifting long-term appreciated assets like stocks, bonds, and mutual funds generally allows you to avoid paying capital gains tax on the appreciated asset. It may also allow you to take a charitable deduction on the full amount of the gift. Check with your tax advisor as capital gains rates can vary based on your income and the type of asset you are gifting.

Combine Several Years of Donations into One Year

This strategy entails you lumping several years of donations into one year allowing your donations to exceed your standard deduction. The standard deduction varies from year to year and the amount depends on your filing status, such as single or married filing jointly.

Donor-Advised Fund

Donor-advised funds are professionally managed accounts specifically set up for charitable giving. When you contribute to a donor-advised fund, you are eligible for an immediate tax deduction. Then, over time, you can propose grants to qualified charitable organizations. A tax deduction comes with your initial donation to the advised fund, therefore, subsequent donations from the fund are not tax deductible.

Gift Part of Your IRA

A Qualified Charitable Distribution (QCD) is a gifting strategy for charitably minded owners of traditional IRAs not in need of IRA income. This strategy allows individuals who are over 70½ to direct distributions to a qualified charity. Such distributions are limited to $100,000 per year and can include an individual's required minimum distribution (which start at age 73). Since the distribution goes directly to the charity, you are not required to report it as income. Not only are you avoiding additional taxable income for yourself, you are benefiting your favorite charity.

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