HOW TO MAXIMIZE
CHARITABLE GIVING IMPACT IN 2021

GIVE APPRECIATED NON-CASH ASSETS

A gift of appreciated property is a great way to avoid recognizing gain on the property and receive a charitable income tax deduction based upon the fair market value of the property transferred. The donor receives an income tax charitable deduction for the fair market value of the property transferred. In addition, no gain is recognized on the appreciation.

Mary donates $50,000 of marketable securities to charity that have a basis of $5,000. She will receive a charitable deduction of $50,000 and will recognize no gain on the contribution. On the other hand, if Mary sold the marketable securities and then contributed the proceeds, she would only be able to donate $38,750 assuming a combined federal and state capital gain rate of 25%. In that case Mary would recognize gain of $45,000 and pay $11,250 capital gain tax.

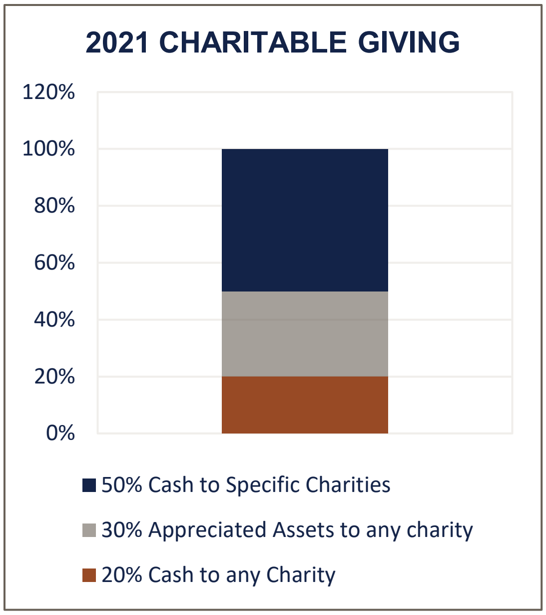
If non-marketable assets are gifted to charity, there are special rules that require a qualified appraisal to obtain the income tax charitable deduction.

MODIFICATION TO CHARITABLE CONTRIBUTION LIMITATION FOR INDIVIDUALS

The tax law extended the CARES Act eliminating the Adjusted Gross Income Limitation (AGI) of the charitable deduction limitation for individuals for 2021. The AGI limitation for cash contributions to charity (excludes donor advised funds and private foundations) are eliminated, which allows an individual taxpayer to deduct up to 100% of his or her AGI for 2021.

Steve desires to gift 100% of his adjusted gross income to various charities. Below is an example of the order of giving:

1. *Give 20% cash to any charity*
2. *Give 30% of appreciated property (i.e., marketable securities) to any charity*
3. *Give 50% cash to specific charities*



In addition, the last 50% is elective as to how much to deduct on the income tax return so if some of the deduction is not needed, an election can be made to defer any excess amount to a future year.

QUALIFIED CHARITABLE DISTRIBUTION (QCD)

Did you know an IRA owner who has attained age 70 ½ can make a charitable distribution from his IRA to charity without recognition of income? The tax law allows an IRA owner who has attained age 70 ½ to distribute up to $100,000 annually directly to a charity (excludes donor advised fund and private foundation) without recognizing income and the distribution counts toward the require minimum distribution, if applicable.

Tom is age 75 and has $1 million in his rollover IRA. Tom can distribute his required minimum distribution (RMD) of approximately $44,000 directly to charity and will recognize no income while satisfying his required minimum distribution.

MY CHARITABLE GIVING ACTION PLAN

1. Identify assets that have appreciated and consider gifting them to charity.
2. If you are receiving required minimum distributions and giving to charity, consider giving directly from your IRA.
3. If your charitable deduction is limited by your adjusted gross income, consider giving cash gifts to charity in excess of the adjusted gross income limitation.
4. Consider giving to charity through your estate documents.

Consult your tax advisor on your specific tax impact of any proposed giving strategy. Contact your financial advisor to assist in the facilitation of the above strategies or to discuss other charitable giving opportunities.