



Marion and Norman Tanzman
Center for *LifeLong Living*



Planned Giving Program

Qualified Charitable Distribution (QCD)

(Donations from IRAs for Individuals 70 and ½ or Older)

- Beginning for Tax Year 2018 the Standard Deduction for Tax Payers has been increased as follows:

<u>Filing Status</u>	<u>Standard Deduction</u>
Single	12,000
Married Filing Jointly	24,000
Over 65, Single	13,600
Married Filing Jointly, Both Over 65	26,600

- Because of the change in the Standard Deduction and the \$10,000 limit on State and Local Taxes (SALT) many people will not have enough Itemized Deductions to exceed the Standard Deduction.
- Therefore, Taxpayers may not receive all of the Tax Benefits for Charitable Donations that were received under the prior Tax Law.
- However, there is a method for individuals who are a) 70 and ½ or older and b) are taking their Required Minimum Distribution (RMD) from their IRA.
- Under the current Tax Law, if a Charitable Donation is made directly from the IRA's Custodian to the Charity, then the amount directly transferred is **A) COUNTED TOWARDS THAT YEARS RMD AND B) IS NOT TAXABLE.**
- Example: A Taxpayer has a Required Minimum Distribution (RMD) of \$25,000. The Taxpayer instructs the Custodian to make a \$3,000 Charitable Donation directly to a Charity. The \$3,000 is a) counted as part of the \$25,000 RMD and b) is not taxed.
- This can be done for as many Charities as you want as long as the total does not exceed the lower of the current year's RMD or \$100,000.

IMPORTANT. THE DONATION CANNOT GO TO THE TAXPAYER OR ANY ONE ELSE FIRST, IT MUST GO DIRECTLY FROM THE CUSTODIAN TO THE CHARITY.

Donor Advised Fund

- The Donor sets up a Donor Advised Fund with a Sponsoring Organization.
- The sole purpose of this Fund is to distribute the Assets to Charities.
- Donations to the Fund can be Cash, Stock or any other allowable Assets.

- The Donor instructs the Sponsoring Organization to distribute Donations to one or more Charities. Note the distributions can be made over one year or multiple years.
- **The Tax Deduction is the total amount donated, even if the amount is distributed to Charities over many years.**
- Example: A Taxpayer donates \$12,000 to a Donor Advised Fund and gets a \$12,000 Charitable Deduction. The Taxpayer instructs the Sponsoring Organization to distribute \$4,000 to various Charities each year, for three years.

Life Insurance

- The Charity is named the Owner and Beneficiary of the Life Insurance Policy.
- The Charity may maintain the Policy (pay the premiums) or cash in the Policy.
- The Tax Deduction is the lesser of a) The Fair Market Value (FMV) on the date of the donation or b) The donor's basis (the sum of all of the premiums paid less any withdrawals, dividends received or loans).
- The donor can in addition (if they so choose) continue to pay the premiums on the Policy. These premiums are additional charitable deductions.

Bequests

- Leave a Bequest in a Will.
- This can be property, a dollar amount, a percent of an estate a portion of an IRA or any other asset(s).
- This can be as simple as : "I give and Bequest _____ to _____."

Appreciated Stock

- Donate Appreciated Stock to a Charity.
- The Tax Deduction is the Fair Market Value (FMV) at the time of the donation.
- Note, there is no Capital Gains Tax on the Appreciated Value of the stock.

Charitable Remainder Trust

- The Donor sets up a Charitable Remainder Trust.
- The Trust distributes a fixed percentage of the Assets on a periodic basis (usually annually) to a non-charity beneficiary (usually a family member).
- At the end of a specified period of time (usually the death of the Donor) the remaining Assets are distributed to the Charity.
- The Tax Deduction is the Present Value of the Remaining Assets.

Charitable Lead Trust

- The Donor sets up a Charitable Lead Trust.
- The Charity receives the income from the Trust.
- The Trust is for the Donor's lifetime (or for any designated period of time).
- Upon the death of the Donor (or end of the specified time) the assets of the Trust are distributed to the family or other Designated Beneficiary.