

Charitable Giving in a Time of Crisis

The global coronavirus pandemic has created unprecedented challenges for our families and communities. Many are wondering how we can make an impact during this time of uncertainty. Read on or [watch the recorded webinar](#) with Evergreen's Senior Financial Planner, Katie Vercio, CFP®, CDFA® and Schwab Charitable's Managing Director, Julia Reed, covering the most important topics for those seeking to make a difference during this crisis.

Qualified Charitable Distributions: This strategy is for IRA account holders over 70.5 years old. By making a direct transfer to a qualified charity, individuals can exclude up to \$100,000 from their adjusted gross income, also known as an “above-the-line” deduction.

Important Considerations:

- Transfer must be complete by 12/31/2020 to count for the 2020 tax year.
- Cannot make a qualified charitable distribution and take an itemized deduction.
- Payment must be made directly to charity; gifts to donor-advised funds do not count.
- Cannot make a transfer from employer retirement plans, such as 401(k)s, SEPs, or SIMPLEs.

Outright Gifts to Charity: Giving funds directly to charity is still the simplest and easiest way to donate. Be sure to ask your specified charities about the best ways to donate, and keep receipts for the gifts you make. With the increased standard deduction due to the Tax Cuts and Jobs Act of 2017, many taxpayers will no longer itemize. A strategy to utilize itemized deductions is to “bunch” several years of gifts into one tax year. Gifting low-cost basis securities is the most efficient way to give, but cash contribution deductibility has been increased as well, from 50% of AGI in 2017 to 60% of AGI in 2018. For 2020, this has been increased to 100% of AGI for cash contributions. In addition, cash donors in 2020 will receive a one-time above-the-line deduction of up to \$300 for single filers, \$600 for married filing jointly.

Donor-Advised Funds (DAFs): These vehicles are well-suited for individuals who want to make ongoing gifts to charity and/or would like to set up multi-generational giving. Gifts can be made in any given year to the fund with an immediate tax deduction, invested in a variety of vehicles, and may be granted to one or several charities on your preferred timeline. Many types of property can be contributed, even artwork and non-publicly traded securities, but you will receive the largest tax benefit by donating low-cost basis property. You will receive the tax deduction immediately but can choose to make grants as you see fit. DAFs make ongoing giving faster and easier. Open an account (a variety of custodians now offer such accounts), make an initial contribution, direct the investments, and grant funds. Family members and loved ones can be set up as successor trustees to ensure that your legacy of charitable gifting continues beyond your own lifetime.

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