

2017 Charitable Giving Year-End Reminders

Dec. 20, 2017

As we approach year-end and donors look to complete their 2017 charitable giving, nonprofits should be sure to remind their donors about a few key charitable giving ideas and how new rules in 2018 might affect their giving.

Accelerate 2017 Charitable Gifts. Proposed tax changes will lower income tax rates for taxpayers in the highest bracket. For those donors, accelerating their giving in 2017 will save more taxes than waiting to give in 2018. Those donors will likely not be affected by an increase in the standard deduction in 2018 because they will still have sufficient other allowable itemized deductions to allow them to itemize their charitable deductions. Taxpayers who will have a higher standard deduction in 2018 that eliminates their ability to deduct charitable contributions may desire to accelerate charitable giving into 2017 to claim those deductions. To move donations into 2017, donors can increase 2017 giving, prepay memberships or installments on existing pledges, or create donor advised funds.

Consider Non-Cash Gifts. Donors can achieve greater tax benefits by giving appreciated assets rather than cash. A gift of appreciated publicly traded securities will yield the same income tax deduction as the same value given in cash, but will also avoid the capital gains that would be taxed if the donor sold the stock and gave cash. Other types of appreciated property may also yield those same benefits.

Timing is Everything. Because year-end gifts must be completed before Jan. 1, planning is needed to make sure that delivery to the charity (according to the IRS rules) is made on or before Dec. 31. While a cash gift can more easily be made on or before the end of the year, a gift of publicly traded securities is not complete and deductible until the securities are actually received into the account of the charity; a broker-to-broker transfer can often take several days. Remember, Dec. 29 is the last business day of 2017!

Make IRA Rollover Gifts. Donors age 70½ or older can make qualified distributions to charity from an IRA as an easy way to make a gift from assets rather than current cash flow. Up to \$100,000 can be given each year. No income tax deduction is available but a charitable IRA rollover distribution counts as the donor's required minimum distribution and is excluded from gross income. Because charitable IRA rollover gifts will be unaffected by the proposed new tax rules in 2018, donors who won't itemize charitable deductions in 2018 can make charitable IRA rollover gifts and still retain tax benefits.



There's Still Time! Donors should consult their own tax advisors when making charitable gifts, but charities should be sure to remind donors about these opportunities that remain in 2017. Please contact your Gray Plant Mooty lawyer if you have charitable giving questions.