

TECP Alert: 2018 Charitable Giving Year-End Strategies

December 10, 2018

Donors and their advisors have now had most of 2018 to consider how the 2018 tax act affects charitable giving. A few tried and true strategies have emerged that should be top-of-mind in 2018 gifting.

Accelerate and Bunch Charitable Gifts. With higher standard deductions and fewer allowable itemized deductions, some donors may not be able to itemize and claim their charitable deductions. However, many taxpayers can accelerate and "bunch" charitable gifts in 2018 to claim those deductions. Donors can prepay installments on pledges or make gifts in 2018 to "prepay" gifts they would have made in ensuing years; in the latter strategy, gifting money or property to a donor advised fund this year can yield a 2018 tax deduction, but you can recommend distributions from the fund be made to your charities in future years.

Consider Non-Cash Gifts. In many cases, by giving appreciated assets like stock rather than cash, donors can claim the same income tax deduction but will also avoid capital gains taxes.

Make IRA Rollover Gifts. Donors age 70½ or older can make up to \$100,000 of distributions to charity from an IRA each year. No income tax deduction is available, but an IRA rollover distribution counts as the required minimum distribution and is excluded from gross income. For donors who won't be able to itemize charitable deductions in 2018, the IRA rollover is a great way to make tax-beneficial charitable gifts in 2018.

Substantiation is Important. The IRS has very strict rules about properly documenting your charitable gifts, and it strongly enforces those rules. Receipts and records are required for most gifts, and qualified appraisals are required for larger gifts of property other than cash and publicly traded securities. Donors should consult their tax advisors to make sure they comply with the rules.

Timing is Critical. Year-end gifts must be delivered to the charity on or before Dec. 31. A check can be mailed by Dec. 31, but a gift of publicly traded securities must be received into the account of the charity by the end of the year. Other property gifts also have delivery requirements.

Please contact your Gray Plant Mooty lawyer if you have charitable giving questions.