



How to Make a Tax-Free Donation Under the New Tax Law

Charitable Donation Through Your Retirement Account

Making tax-free gifts to charity from an IRA is gaining in popularity as a result of changes in tax law. If you are 70 ½ or older, donating directly from your IRA could be the tax-wise way to go. The gift, made in the form of a qualified charitable distribution, would not be recognized as income on your tax return.

The annual limit for qualified charitable donations from your IRA is \$100,000. It's important to note that the contribution counts towards your required minimum distribution, which increases each year. If you are considering making a qualified charitable distribution, it's a good idea to start the process well before the end of the year. This is because the distribution must come directly out of your IRA to the charity. Additionally, the check must be cashed before the end of the year in order to count toward your required minimum distribution.

Who might this be a good option for? You might consider making a qualified charitable distribution if you can't meet the itemized deduction threshold, have most of your assets in your IRA, and taking the full required minimum distribution would place you in a higher tax bracket.

Gifts of Appreciated Assets

A second tax-free charitable contribution to consider is making gifts through appreciated securities.

A donation of long-term appreciated securities—including stock, bonds and mutual funds—continues to be one of the most tax-advantageous ways to give. By donating appreciated securities directly to charity, you are able to make a larger gift and receive a larger deduction.

Stocks in your portfolio with the largest capital gain are the best to donate. When you donate these securities, the built-up capital gain evaporates. You'll generally receive a tax deduction for the fair market value of the stock and the charity receives the full value of the stock—a win-win for both sides.

Contact your certified financial planner now to determine if either of these options is right for you.