

Arborlawn UMC Foundation Charitable Giving Tips

Here are some reminders about charitable gifts that may further giving goals and also provide a 2019 tax benefit. Gifts may be made to the Arborlawn Foundation or to the church. Cash gifts are always welcome, but here are a few giving techniques to think about!

1. Use Appreciated Securities

Consider donating securities instead of cash. The stock market is at an all time high creating a unique opportunity to gift appreciated stock. For example, if you sell an appreciated security (such as stock) and give the proceeds to charity, you are subject to tax on the gain. However, if you transfer securities that have been held longer than 1 year to the Foundation instead, you avoid tax on the capital gain and receive a tax deduction based on the full market value on the date of the donation. ***A donation of appreciated securities with significant built-in gains is one of the most tax-efficient ways to give.***

2. Use Real Estate

A gift of real estate (either the entire property or a portion of it), provides a charitable deduction for the current value of the property and avoids the capital gains tax. Donations of real estate take a bit longer, so plan ahead for this type of gift.

3. Use Your IRA Account

An IRA owner who has reached the age of 70½ or older can make a direct transfer of up to \$100,000 to an eligible charity, such as the Foundation or AUMC, ***tax free***. This means that amounts directly transferred to the Foundation from an IRA are counted in determining whether the owner has met the IRA's required minimum distribution but will not be considered a taxable withdrawal. Because income from a charitable IRA distribution "bypasses" the donor's Form 1040, the gift can be used to keep the donor's adjusted gross income or taxable income within a desired range. This can help prevent, for example, income from reaching thresholds triggering the net investment income tax or the phaseout range for itemized deductions. Alternatively, a gift from an IRA can benefit seniors who take the standard deduction rather than itemize. Whenever someone takes the standard deduction there is no tax benefit to making a donation to charity. So for non-itemizers, donating to charity via a direct transfer out of an IRA is the only way to get a tangible tax benefit out of their donation.

Deadline

Contributions are deductible in the year made so be sure and get those gifts in by December 31. And yes, that means that credit card charges made before the end of the year are deductible even if the credit card bill isn't paid until the next year. Similarly, checks which are written and mailed by the end of the year will be deductible for that year even if they aren't cashed until January of the following year.