

## **GIVING** **BEFORE** **DEC 31, 2020**

**A**s the end of the year approaches, many pause to review, reflect, and plan. Thoughtfully addressing your charitable giving priorities between now and December 31 can help assure maximum benefits for you and your charitable interests.

Carefully considering what to give—and when to give it—can help increase the impact of your gifts while helping to meet personal priorities as well.

### **Enjoy Tax Savings**

Federal tax laws and those of many states make it possible to reduce or eliminate taxes on funds you give for charitable purposes. For example, because funds used to make charitable gifts are deducted from the amount otherwise subject to federal income tax when you itemize your deductions, you may be able to give more than you thought possible.

The amount and timing of your charitable gifts are totally within your control. This is why each year millions of Americans take advantage of the opportunity to make charitable gifts while also reducing their tax liability.

### **Gifts of Cash**

The CARES act of 2020 increased the percentage allowed to eliminate tax from 60% to 100% of your adjusted gross income for charitable contributions if you itemize your taxes. If you do not itemize, the IRS allows for \$300.00 per tax payer or \$600.00 per married couple to be deducted for charitable contributions. All

gifts mailed or otherwise delivered by December 31 qualify for tax deductibility for 2020.

Contributions that exceed that amount can carry over to the next tax year. Remember, the higher your tax bracket, the more you save.

### **Save More When You Give Other Assets**

Gifts of property such as stocks, bonds, mutual funds, and other appropriate assets that have increased in value since you have owned them can benefit you in other ways. If you have held such assets for longer than a year, you can generally donate them and deduct their current value, including any “unrealized gains,” from your taxable income.

Congress has provided that in addition to regular tax savings, you do not have to pay capital gains tax on most appreciated assets given to charity. This additional tax savings is one reason why some people choose to make their gifts in this way.

Gifts of appreciated assets can eliminate tax on up to 30% of your adjusted gross income. The assets that are best to give are those that have increased the most in value and would result in the greatest capital gains tax if sold.

Many also choose to give low-yielding assets, resulting in little or no impact on future spendable income.

If you have investments that have decreased in value since you have owned them, consider selling them and making a deductible gift of the cash proceeds. This creates a loss that you may be able to deduct from other taxable income along with your cash contributions. The amount of your deductible loss combined with the charitable deduction may actually amount to more than the current value of the donated asset.

When making a gift of securities, check with your financial services provider to ensure that it is transferred properly and in a timely manner. You should allow additional time for gifts of mutual fund shares or non-publicly traded securities. We will be pleased to assist in this process.

## Give From Your IRA

If you are over the age of 70 1/2, you may want to consider making gifts directly from an Individual Retirement Account (IRA). You may need to speak with your financial services adviser to ensure that the donation is transferred properly. As part of the Pension Protection Act of 2006, Congress has made it possible to make tax-free charitable gifts from your IRA.

Giving in this way assures that these funds will never be subject to income or estate tax. This may make it possible to give more at the same or lower cost than in the past.

## Leaving a Legacy

Toward the end of each year, many people also review their long-range estate and financial plans. Wills, life insurance policies, retirement accounts, and other planning vehicles can offer exceptional opportunities for leaving a lasting legacy to charitable interests.

There are also ways to provide for meaningful future gifts while generating income, immediate income tax savings, and other benefits today.

## Act Now for Greatest Benefit

As the year draws to a close, act now to make certain you have accomplished your charitable goals for 2020. Remember that time spent deciding what, when, and how to best make your gifts can result in maximum tax savings and other financial benefits.

Please contact us if we can be of assistance in any way. Your accountant or other advisors can provide you with more information specific to your needs.



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The purpose of this publication is to provide general gift, estate, and financial planning information; it is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states.

LIVE GENEROUSLY

BENEFITS OF YEAR-END  
**GIVING**

