

# Gift Planning News

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## Gift Annuity Rates Increase

We are pleased to announce charitable gift annuity rates increased on July 1, 2018. Payment rates have increased for all ages. If you already have a gift annuity or have considered funding one in the past, now could be the ideal time to benefit from these new higher rates. You can create a charitable gift annuity simply by transferring assets such as cash, stocks or mutual funds to us. In return, you and/or someone you choose receives attractive fixed payments for life.

## Tax Reform Update

For over 100 years, charitable gifts have enjoyed special treatment in our nation's tax system by way of a charitable deduction for income, gift and estate tax purposes.

The recent *Tax Cuts and Jobs Act of 2017* repealed or limited many deductions, but the charitable deduction escaped virtually unscathed. In fact, it was enhanced through an increased allowance for gifts that can be claimed each year (up to 60% of adjusted gross income). Gifts above that amount may be carried forward up to five years. Additionally, a provision that would have reduced the benefit of itemized deductions for high income taxpayers has been eliminated by repealing the Pease Amendment.

While every person's tax situation is different, most tax payers will benefit from the newly expanded standard deduction or may continue to claim itemized deductions for their charitable gifts. Explore the additional pages here to learn more about the different gift options available. These ideas may be helpful to discuss with your advisors to complete gifts now or in the future.

### **New Provisions included in the *Tax Cuts and Jobs Act*:**

- The gift, estate and generation-skipping tax exemption amounts will shelter gifts and estates up to \$11.4 million (adjusted for inflation) for individuals and \$22.8 for married couples for 2019.
- The deduction limit for cash gifts to charity is increased from 50% of AGI to 60%.
- The 80% charitable deduction allowed for payments for the right to purchase tickets to athletic events at colleges and universities is repealed.

### **Charitable Giving Strategies to Consider:**

1. Qualified charitable distributions (QCDs) from IRAs are advantageous for eligible individuals. Although no charitable deduction is available, the income tax that is normally owed on withdrawals is avoided. In addition, because QCDs can satisfy required minimum distributions, income tax savings can be realized.  
QCD rules:
  - Individuals must be at least age 70½ on the date of the gift.
  - QCDs can come only from IRAs, not 401(k)s or other retirement accounts.
  - A maximum of \$100,000 may be given annually.
  - The transfer must come directly from the IRA custodian.
  - QCDs can be made only to public charities, not to private foundations or donor advised funds.
  - Distributions can be used to satisfy a person's pledge.
2. Life-income gifts such as charitable remainder trusts and charitable gift annuities offer several advantages to satisfy philanthropic goals. Because deductions for remainder trusts and gift annuities tend to be larger,

you may be able to itemize in the year a gift is arranged. Payments from life-income gifts may be attractive to those who would normally make bequests to charity through a will or living trust, providing income tax, and possibly capital gains tax, savings.

3. Making gifts of highly appreciated assets allows you to avoid the capital gains tax that would be due if the assets were sold, offering tax savings even if you use the standard deduction.
4. Those with donor advised funds can direct gifts to public charities. You may be able to itemize by making a larger gift to a donor advised fund, from which annual gifts can be made over several years. Contributing appreciated securities to a donor advised fund provides added tax savings.

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