

# Maximize Your Charitable Giving Impact in 2021

## Take Advantage of the Deduction Available for Nonitemizers

For this year, all taxpayers who don't itemize can deduct up to \$300 on their tax returns, and married couples filing jointly can double the deduction to \$600. (In 2020, the limit was \$300 regardless of filing status.) It's also important to point out that these must be cash donations; donations of property or investment securities don't qualify, nor do donations to donor-advised funds. But this deduction is a good way for smaller givers who don't itemize to reap at least a small tax benefit from their charitable gifts.



## Use Qualified Charitable Distributions

A qualified charitable distribution, or QCD, from an IRA provides another mechanism for retirees to give to charity regardless of whether they itemize or claim the standard deduction.

Under a QCD, which is available once you turn age 70.5, you simply instruct the charity to steer a portion of your IRA, up to \$100,000, to the charity(ies) of your choice. That donated amount avoids income tax altogether. For retirees with highly appreciated assets in their accounts, the QCD provides a nice four-fer: It allows them to be charitable, it fulfills all or a portion of their required minimum distribution obligations if they're age 72, it reduces their RMD-subject balances, and, to the extent that they sell appreciated assets to fund the QCD, it can help reduce risk in their portfolios.

## Donate Highly Appreciated Assets From Taxable Accounts

For retirees who have substantial non-IRA assets--taxable assets that would otherwise be subject to capital gains tax upon sale--gifting such assets to charity during your lifetime can confer multiple benefits, tax and otherwise. First and foremost, the charity receives the full benefit of the amount gifted--it won't owe tax--and you can deduct the charitable contribution on your tax return. (In 2021, individuals can deduct

charitable contributions of up to 100% of their adjusted gross incomes, but certain limitations apply; get some tax help if you're making a very large gift.) And if the assets have appreciated sharply since purchase, the charitable gift effectively washes out your own tax liability while also reducing risk in your portfolio.

Benz, Christine. "3 Great Charitable-Giving Strategies for Retirees in 2021", Morning Star, 24 Nov. 2021, [https://www.morningstar.com/article/s/1054015/3-great-charitable-giving-strategies-for-retirees-in-2021%26dawn=10?utm\\_source=eloga&utm\\_medium=email&utm\\_campaign=newsletter\\_morningdigest&utm\\_content=33081](https://www.morningstar.com/article/s/1054015/3-great-charitable-giving-strategies-for-retirees-in-2021%26dawn=10?utm_source=eloga&utm_medium=email&utm_campaign=newsletter_morningdigest&utm_content=33081)



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