<u>**The Benefits of donating appreciated stock to charities**</u>

The end of the year is the time when people start to think about income tax reduction strategies for the current year. The Tax Cuts and Jobs Act (TCJA) put in place in 2017 has made charitable giving not as attractive in lowering taxable income since the standard deduction was raised significantly to $12,000 for singles, $18,000 for heads of households and $24,000 for married filing jointly. Due to the increase in the standard deduction, nearly 9 out of 10 taxpayers will take the standard deduction, which limits the benefit of charitable giving to the donor.

There are some charitable giving strategies that can be very positive for taxpayers and charities:

<u>**Donating appreciated stock, bonds or ETFs**</u>: *If a security has been held for over one year AND has appreciated in value*, there is a benefit to donating the asset directly to a charity. It is important that the security is NOT sold prior to the donation. When the asset is donated, the charity receives the full market value at the time of the donation. The donor does not pay capital gains on the asset and neither does the charity. This enables the donor to give a bigger contribution to the charity than giving cash. For example, if the donor gives $50,000 worth of stock that has been held for over a year and has appreciated by $10,000 the charity will receive the entire $50,000 and the donor will not have a capital gains tax liability on the transfer. However, if the donor sells the stock first for $50,000 and then donates the cash from the sale, there will be capital gains taxes due on the $10,000 appreciation resulting in less money going to the charity.

<u>**Distribution RMDs directly to a charity**</u>: Required minimum distributions (RMDs) are taxed at current income tax levels when they are disbursed to an individual. For people that have a list of charities they donate to each year, donating RMDs directly to the charities is a good income tax reduction strategy. When a RMD is donated directly to a charity the donor does not to pay income tax on the RMD. Again, the charity is benefiting from receiving a higher dollar amount since the donor doe s not have to pay the income tax.

These are just a couple of charitable giving strategies to think about as you head into the end of the year. As always, it is advisable to discuss your specific situation with your tax accountant.