

Making Tax-advantaged Charitable Contributions

Here's a potential way to make tax-advantaged charitable contributions to our church.

The Tax Cuts and Jobs Act (TCJA) passed in December 2017 made changes to the standard deduction. The TCJA standard deductions for 2018 is \$12,000 for singles and \$24,000 for joint filers. These new higher thresholds of the standard deduction makes it more difficult to make charitable contributions deductible. A direct contribution to a qualified charitable organization might be tax-smart if you won't benefit from the charitable deduction. The Unitarian Universalist Church of Bloomington is a 501(c) (3) organization.

Per accounting firm Blue and Company: **"IRA donations to charity:** Taxpayers age 70½ or older are allowed to make direct contributions from their IRA to qualified charitable organizations up to \$100,000 per tax year. A charitable deduction can't be claimed for the contributions. But the amounts aren't included in taxable income and can be used to satisfy an IRA owner's required minimum distribution."

It is important that the contribution come directly from the IRA "required minimum distribution" in order to be tax-advantaged under this approach. The major mutual fund providers are familiar with such "Qualified Charitable Distributions" and can facilitate the process for you.

If you have questions concerning this or other tax issues, please consult your tax adviser. And thank you for your generous donations to support our congregation.

--Edward Robbins, Treasurer and Arzetta Hulst-Losensky, financial adviser