

If you are a charitable giver, the Tax Cuts and Jobs Act (TCJA) can make it more difficult to gain tax benefits from your generosity. However, there are ways to work around the issue. Here are some items to consider.

Much Bigger Standard Deductions

To deliver any tax-saving benefit, your itemized deductions, including charitable donations, must exceed the applicable standard deduction. Under the TCJA, the standard deductions for 2018 are \$24,000 for married joint-filing couples, \$18,000 for heads of household, and \$12,000 for others. One way to work around the standard deduction is to bunch together your charitable donations in alternating years. That way, your total itemized deductions may exceed the standard deduction amount every other year.

Charitable Donations from IRAs More Attractive Than Ever

Once you've reached age 70 ½ and have more money than you really need, you can make cash donations to IRS-approved charities out of your IRA. These so-called *Qualified Charitable Distributions (QCDs)* allow you to replace some or all of this year's taxable IRA required minimum distributions with tax-smart QCDs. Contact us if you are interested in learning more about the QCD strategy.

Consider Establishing a Donor-advised Fund

Donor-advised funds established to benefit IRS-approved charities are a cost-effective alternative to private foundations. They can be established with minimal start-up costs and offer immediate income tax deductibility, no excise tax, no annual tax reporting, reasonable annual expenses, and, if desired, anonymity. Contact us if you are interested in learning more about the donor-advised fund strategy.

Conclusion

The new tax law changes can make gaining tax benefits from charitable donations more difficult in some cases. Speak with your accountant and explore the different strategies available to allow your donations to be more tax-effective under the new tax laws.

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