The new tax laws make it more difficult to deduct charitable contributions, but there are still several ways to make that happen.

Option # 1 - Lump your annual contributions

The simplest solution is to give the same amount you normally give, but combine your contributions and make a donation every two or three years. For example, giving two year's contributions in a single tax year where you are itemizing deductions gives you double the deductions. If you give $5,000 per year to a charity, simply give $10,000 on January 1st (or later) for that year and the preceding year, if you plan to itemize in the current year. Or you could give, and itemize, in a three-year cycle to make sure that every 3 years your charitable donations will help you exceed the standard deduction.

Option # 2 - Use a donor-advised fund

This option offers the most flexibility. A Donor-Advised Fund is an account set up through a company that handles your investments (ie. Vanguard, Fidelity, Schwab, etc.) where you can donate cash, stocks and other assets and take an <u>immediate deduction in the tax year that you transfer the assets into the fund</u>. This procedure allows you to make a large contribution in the tax year that you plan to itemize deductions, allowing you to take the standard deduction in other years. You can then arrange, through your brokerage, for them to make direct, <u>annual</u> contributions to your favorite charities. You "own" the Donor-Advised Fund, even though you can no longer access the funds for your personal use, and can control how the fund's monies are invested. So any money held in the fund for future contributions continues to grow tax free.

Option # 3 – Use the Qualified Charitable Distribution process if you are over 70½ years of age and must take Required Minimum Distributions (RMDs) from your IRA accounts.

-A QCD is a direct transfer of all or part of your annual Required Minimum Distribution (RMD) from your IRA custodian to a qualified charity, which is usually a 501(c)(3) organization.

-The amount donated through a QCD is excluded from your taxable income. Keeping your taxable income lower can affect how much you pay for Medicare benefits.

-The QCD will count toward the current year's RMD if the funds come out of the IRA by the RMD deadline (usually December 31) for that year.

-The QCD amount withdrawn is not taxed (this is how you get your "deduction") so you **cannot** turn around and also claim the distribution as a charitable deduction.

-Itemization is **not required** to make, and benefit from, a QCD.

We hope that using one or more of these options can help you claim a deserved deduction for your generosity. It is always advisable to check with your tax advisor to make sure your particular situation is amenable to the option you wish to choose.