

## Ways To Make Charitable Contributions to ICF

ICF is a 501(c)(3) organization and, hence, all gifts to it are tax deductible subject to income limits.

The basic way to give is cash.

Appreciated assets held longer than a year are a better way to gift. The donor gets a tax deduction for the Fair Market Value of the asset and does not pay taxes on the appreciation. Any asset such as stocks, bonds, mutual funds, real estate can be gifted. If the holder of a qualifying IRA is over 70 1/2, he/she can make a QCD in an annual amount up to \$100,000. Most types of IRAs qualify exceptions being active SEPs and active Simples. This is not tax deductible; however it is not taxable as a distribution to the donor. QCDs only apply to taxable distributions and care must be taken in properly these on tax returns.

If Schedule A deductions are lower than the standard deduction, a deduction for charitable contributions is available that can be taken on page 1 of Form 1040. The amount deductible is \$300 for singles and married filing separately and \$600 for married filing jointly.

Charitable trusts can also be used to make charitable contributions. There are two primary types of charitable trusts: charitable lead trusts and charitable remainder trusts. These trust types mirror each other but serve different needs. One thing they have in common is that the chosen charity or charities must qualify with the Internal Revenue Service (IRS) to receive charitable deductions according to the type of trust and terms you select.

- Charitable lead trust: This trust type first distributes a portion of its proceeds to a charity, for which you'll receive a charitable donation tax deduction equal to those payments. The remainder of the principal is then distributed to your beneficiaries.
- Charitable remainder trust: With this trust type, you choose to receive an income from the distribution of the non-income-producing assets you placed into the trust first. You'll also receive a charitable donation tax deduction based on the present value of the remainder of the assets earmarked for the charity. At the end of the term or upon your death, your chosen charity receives the rest of the assets.

Typically, once you move your assets into a charitable trust, it sells the assets and distributes them according to the trust type and the terms you select. Once created, a trust is irrevocable even if you were to suffer a personal or business financial loss. These trusts have many moving parts, and it can help to speak with a financial representative to learn more about how a trust could fit into your financial plan.

The above information is only for general purposes and users are strongly encouraged to consult with their tax or financial advisers before taking any actions.

K.S. Ramchand, CPA, CFP