Gift Planning

2021 PHILANTHROPIC OPPORTUNITIES & STRATEGIES

The current economic environment, along with regulatory changes in the CARES Act and the SECURE Act, provides several opportunities to educate and encourage donors to think strategically about their charitable giving in 2021 and beyond.

GIFTS OF CASH:

- Before the CARES Act, only donors who itemized were able to take advantage of a charitable income tax deduction. This year, individuals who do not itemize can receive an above-the-line adjustment up to $300 and couples who do not itemize can receive a $600 above-the-line adjustment for cash gifts to any public charity. Broad education about this provision could encourage large numbers of donors to make gifts or increase the size of their gifts to Southwest Autism Research & Resource Center (SARRC).

- The CARES Act temporary provision to allow donors to claim a charitable income tax deduction of up to 100% of their Adjusted Gross Income (AGI) for gifts of cash to a public charity has been extended to 2021. Any excess charitable deduction may be carried forward for five years and would be subject to the limitation of 60% of their AGI.

- Donor-advised funds (DAFs) hold over $100 billion in gifts already earmarked for charitable gifts. Existing DAFs provide a great opportunity for individuals to increase distributions to SARRC and other charitable causes without experiencing any personal financial impact.

- Qualified charitable distributions continue to be a highly tax-efficient method of charitable giving. At age 70 ½, donors may give up to $100,000 directly to qualified charities from their IRA. The gift applies toward the donor’s required minimum distribution. While the donor will not receive an income tax charitable deduction for the gift, the donor does not include the amount in their annual income. *Note that required minimum distributions are required in 2021.
GIFTS OF NON-CASH ASSETS:

- SARRC provides the knowledge, expertise and due diligence to receive gifts of non-cash assets. Donating assets can help donors fulfill charitable goals while enjoying tax-favorable outcomes. SARRC works with donors and their advisors to facilitate the contribution of a variety of non-cash assets, including but not limited to publicly traded stocks and mutual funds, real estate, retirement assets, collectibles, tangible personal property, etc. Contributions funded with non-cash assets are evaluated for acceptance by SARRC on a case-by-case basis.

- Even with declines in the stock market, many donors still hold highly appreciated stock in their investment portfolios. Donors could consider gifts of appreciated securities rather than gifts of cash. With gifts of appreciated securities, donors could avoid paying capital gains taxes on the appreciation of the stock.

OTHER OPTIONS:

- Donors seeking to increase income for themselves and/or loved ones can explore a gift of cash or non-cash assets to establish a charitable gift annuity (CGA), a charitable remainder unitrust (CRUT) or another type of planned gift.

- In extreme low-interest rate environments, a charitable lead trust can be a powerful tool to transfer assets to heirs. To establish a charitable lead trust, donors fund a trust that pays income to a charity. At the termination of the trust, the trust assets are distributed to the donor’s heirs or back to the donor. The gift generates an immediate income tax deduction for future annual payments to the charity. This charitable deduction is typically much higher in low interest environments. Donors may also enjoy other favorable financial and tax benefits if the trust assets are distributed to their heirs.

- The SECURE Act eliminates the “stretch” IRA. Assets from retirement accounts must be paid out to beneficiaries within 10 years of the account owner’s death, with some exceptions. The result could be higher taxes paid by heirs. One exception is a child or adult with a disability, such as autism. Naming SARRC as a beneficiary of all or part of a retirement account could reduce estate and income taxes and provide a greater distribution of other assets to heirs.

- Establishing a testamentary CRUT can be a good alternative to the stretch IRA. Using the assets of a retirement account to fund a testamentary CRUT creates lifetime income for heirs.

FOR MORE INFORMATION:

Beth Salazar | Planned Giving Manager, Southwest Autism Research & Resource Center
Email: BSalazar@autismcenter.org  Phone: 602.606.9876
Website: autismcenter.planmylegacy.org

The information in this guide is presented for the purpose of promoting charitable giving methods described herein. Southwest Autism Research & Resource Center (SARRC) cannot provide tax or legal advice, and this information is not intended as such. Because of the complexity of financial and estate planning, it is important that you confer with a qualified advisor to assess the financial, legal and tax benefits for your personal situation. We would be happy to answer any questions you may have about this material.