

# YOUR GUIDE TO YEAR-END CHARITABLE GIVING

## FOR 2022

### ABOVE-THE-LINE DEDUCTION FOR CASH CONTRIBUTIONS

- If you currently use the standard deduction for taxes, you can claim an additional deduction of up to \$300 (couples can claim up to \$600) for cash donations to public charities this year.

### CHARITABLE DEDUCTION LIMIT

- In 2021, the CARES Act allowed 100% of AGI as a deduction limit for cash contributions. However, for 2022, this has reverted back to limiting cash donations to 60% of AGI if you itemize deductions.

### MAKE A REGULAR DONATION

The easiest way to make a gift is to write a check or donate online. If your check is postmarked by **December 31** or if your online donation is processed by December 31, you may be able to take a charitable deduction for the gift.

### BATCHING CONTRIBUTIONS

For 2022, the standard deduction is \$12,950 for individuals and \$25,900 for couples. If you “batch” your charitable contributions, meaning that you **combine this year’s gifts with what you anticipate giving next year and make both contributions in 2022**, you’re basically loading up two years of gifts in one tax year. Thus, you have a higher charitable amount to apply toward your deductions in 2022, which may yield better results than simply taking the standard deduction.

### GIVE GIFTS OF APPRECIATED ASSETS

Many people hold stocks, bonds, mutual funds, or real estate that have significantly increased in value. Selling these assets may create substantial capital gains for the owner.

However, rather than increasing your tax burden, you can **donate the appreciated asset to your favorite Baptist cause**. You get a deduction for the asset's full market value, and the charity recognizes no gains when it sells the asset. Win-win!

### REQUIRED MINIMUM DISTRIBUTION (RMD)/ QUALIFIED CHARITABLE DISTRIBUTION

For those with traditional IRA accounts, if you are aged 70 ½ or older and have other sources of income to draw upon, you can direct your IRA custodian to transfer a portion of your retirement assets to a public charity as a **qualified charitable distribution (QCD)**. The donation counts as part of your Required Minimum Distribution but is not included in your taxable income.

### DONATE CASH FROM THE SALE OF DEPRECIATED SECURITIES

Taxpayers benefit from recognizing losses rather than gifting depreciated securities. Consider harvesting tax losses from your portfolio and donating the cash proceeds. In this way, you can recognize a tax loss that can offset any capital gains for the year or be used to offset up to \$3,000 of your ordinary income, and you will receive a charitable deduction for your cash donation.

### INCREASE YOUR CHARITABLE GIVING WHEN YOU EXPECT HIGHER ANNUAL INCOME

Charitable donations are deductible and may reduce your taxable income. You may consider increasing your charitable giving in years where your income is expected to be higher due to a liquidity event, stock options, capital gains, or Roth conversions.

As the year comes to a close, many of us are thinking about our year-end giving. This year has brought some financial challenges for many people, but there are many charitable strategies that can help when tax time rolls around. Now is a great time to review some charitable giving ideas and see if any make sense to implement before 2022 ends, especially as you think about supporting your church or other Baptist cause. Remember, when the ball drops on December 31, you will lose the ability to take advantage of these strategies for 2022. If any of these ideas interest you, begin the process now to make sure you allow plenty of time for the process to be completed by year-end.

The Tennessee Baptist Foundation is ready to answer any questions you may have about these year-end tax strategies. Contact us any time at 615-371-2029. We would love to help.