

Tax Reform's Impact on Charitable Contributions

Both houses of Congress have passed versions of a tax reform bill that, in its current form, is expected to affect the deductibility of charitable gifts for millions of Americans. The bills are currently in conference committee and are likely to impact tax liability beginning in 2018.

While both bills retain the deductibility of charitable contributions, analysts expect 38 million middle income households will no longer be able to receive a tax deduction for their gifts to nonprofits. Because the bills eliminate several current deductions and nearly double the standard deduction (to \$24,000 for couples), 95% of taxpayers would no longer see a benefit by itemizing their tax returns.

There are several strategies donors might consider to alleviate the uncertainty and possible negative impact of Congress's proposed changes to tax law:

Year-End Giving

Consider prepaying intended gifts to KSUT's operating budget, capital campaign, or other charities you support by making an additional gift before December 31, 2017. Such gifts can benefit from more favorable treatment under current law.

Gifts of Appreciated Assets

Donors who contribute securities for charitable purposes receive the largest tax benefit by focusing on shares with the lowest cost basis (and largest capital gains). Under the Senate version of the bill, donors would no longer be able to specify which shares are sold or transferred. We maintain an account with Raymond James to receive stock donations (please specify KUTE, Inc. dba KSUT Public Radio).

Charitable IRA Distributions

For those 70 ½ or older, supporting charities by transferring funds from retirement accounts will become an even more valuable strategy than it currently is. Charitable IRA distributions count toward individuals' annual required minimum distribution (RMD) and can allow people to substantially support the organizations most important to them without incurring tax liability.

If you are interested in making a year-end gift toward KSUT's operating budget or capital campaign, you may [contribute online](#), send a check postmarked by December 31, or contact Chris Aaland at chris@ksut.org.