League of American Orchestras

3 Ways to Maximize Your Charitable Giving Before Calendar Year End

Make your charitable gifts before December 31, 2021, and these timely tips can save you money when it comes to filing your taxes. Make it a charitable win-win and pass these savings on to the nonprofits you care about most by increasing your support.

1. Use the charitable deduction for non-itemizers

Don't forget that provisions of the CARES Act were extended through December 31, 2021, to help taxpayers and nonprofits. This includes a universal charitable deduction for non-itemizers, allowing single filers to take a deduction for cash contributions in 2021 up to $300 and joint filers up to $600.

2. Give appreciated securities

If you donate stock that has increased in value since you bought it more than a year ago—and you itemize deductions—you can take a charitable deduction for the stock's fair market value on the day you give it away. You'll also avoid capital-gains taxes on the increase in the assets' value over time, which you would have to pay if you sold the asset and then donated the cash proceeds. This decreases the effective cost of your donation.

3. Don't forget your IRA's required minimum distribution

After being suspended for 2020, required minimum IRA distributions are back. If you are 70 ½ or older, you may contribute up to $100K cumulatively to one or more public charities directly from a qualified IRA account and reduce your taxable income immediately. If you are 72 or older and your required minimum distributions (RMD) have begun, the amount transferred—within the same $100K limit—counts toward your RMD. It's money the IRS requires you to withdraw, and by transferring it directly to a charitable organization, you won't be forced to pay income tax on it.

Consult your qualified professional advisors on how donations fit your financial plans and your eligibility for tax benefits

520 8th Avenue, Suite 2005, New York, NY 10018 1602 L Street, NW, Suite 611, Washington, DC 20036
americanorchestras.org