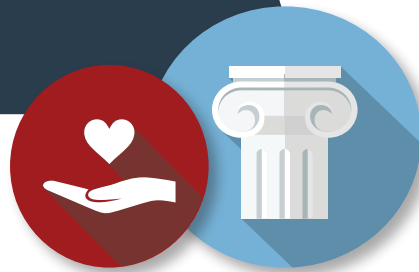


# MAKING YOUR CHARITABLE DONATIONS COUNT ON YOUR TAXES



Want to donate? Here are some gifting strategies to consider in addition to writing a check from your checking account.

## GIFT OF APPRECIATED SECURITIES - IN A TAXABLE ACCOUNT

Consider a gift of APPRECIATED securities instead of cash whenever you prefer not to incur capital gains tax, as in the following circumstances:

- When a takeover is imminent, rather than tendering the securities, donate them to a charitable organization. The charity does not incur capital gains tax when it tenders the security.
- When you wish to upgrade your portfolio, donate appreciated, low dividend stock. Use your cash to purchase stocks, which pay higher dividends.
- When you wish to increase your total cost basis in a stock you intend to hold, give your low basis securities to charity. Use your cash to purchase more of the same stock at current market prices and thereby increase your total cost basis without incurring any capital gains tax.
- When a security has DEPRECIATED, it is best to sell the security and donate the proceeds so that you can take advantage of the loss. Charitable organizations are unable to recognize the loss if the property is donated.

## GIFTING YOUR REQUIRED MINIMUM DISTRIBUTION

Qualified Charitable Distribution (QCD) allows IRA holders, age 70 ½ or older, to donate to a qualified charity from their Traditional or Roth IRA (including inherited) tax-free.

Requirements:

- The donating IRA holder must have attained age 70 ½ on or before the date the QCD check is issued. If an inherited IRA the beneficial owner must have attained age 70 ½ or older.
- The funds must be issued directly to a qualified charity from a Traditional or Roth IRA. Generally a qualified charity includes: most public charities, including religious institutions, certain veterans' organizations, fraternal societies, and community foundations that provide scholarships. The charity also must be one to which deductible contributions may be made.
- The donor cannot receive any benefit from making a QCD and the QCD cannot be deposited by the charity into a donor advised fund.
- The amount cannot exceed \$100,000 annually, per donor.

## NEEDED DOCUMENTATION

Unless the charity files all receipts on their yearly informational return, they should send you a letter confirming donations of marketable securities of \$250 or more. You can always contact your local broker for a copy of the historical quote. *Keep this with your tax records.*

## REPORTING THE DEDUCTION

Charitable deductions are reported on Schedule A of IRS Form 1040.

## LIMITS ON THE DEDUCTIBILITY OF CHARITABLE DONATIONS

Itemized deductions may be subject to phase-out if adjusted gross income exceeds certain limits.

See instructions for IRS Form 1040, Schedule A for more information about this limit.

## DONATIONS THAT EXCEED THE DEDUCTIBLE AMOUNT

Charitable donations in excess of the deductible amount may be able to be carried forward five years for deductions in future years.

### BEST PRACTICES/STEPS

1. Consult your tax professional to ensure it is in your best interest to complete a QCD and your distribution qualifies.
2. Notify the charity they will be receiving a check from you and obtain the following important details:
  - How the check should be made payable
  - Mailing Address
  - Contact person responsible for issuing a receipt to you, upon receiving the funds

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*Edward Jones, its employees and financial advisors do not provide tax or legal advice. Clients should review this information with their tax advisor or legal professional for information regarding, or issues concerning the tax implications of the above information prior to acting on this information.*

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**INVESTMENTS**

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