



Year-End Gifting

Charles Schwab gifting deadlines:

December 1, 2017 – mutual fund gifting

December 15, 2017 – stock gifting

December 29, 2017 – cash or journaling securities between Schwab accounts (i.e., from a trust account to a Schwab Donor Advised Fund)

It is that time of year when many of us consider charitable giving. Not only is it a wonderful way to support the non-profit organizations that are most important to you, but you may also receive the benefit of reducing your income and tax liability for the year. There are several options to help you reach your philanthropic goals:

- Direct gifts (cash or appreciated securities)
- Qualified charitable distributions (from an IRA, up to \$100,000)
- Donor advised funds
- Charitable trusts
- Charitable gift annuities
- Family foundations

Here are a few guidelines to help you realize potential tax deductions in 2017:

- Donate to a qualified, tax-exempt organization
- Gifts made via check or credit card are considered deductible if the check is dated and mailed or the charge to the credit card is posted on or before December 31.
- Gifts of appreciated stock or mutual fund shares are considered completed on the date the brokerage firm transfers title. It is best to request the transfer of the security to the charitable organization before December 15 or as noted by your custodian (see Charles Schwab's deadlines above).
- When purchasing goods or services at an auction benefiting a qualified, tax-exempt organization, be sure to keep receipts and be aware of any value received for goods or services that may reduce the value of any tax deduction. For example, if you purchase a vacation package worth \$2,000 for \$3,500, the possible tax deduction would be the difference between the vacation package value and

- You can make an irrevocable contribution to a donor advised fund which allows you to receive a tax deduction for the contribution this year, but defer your decision to which charitable organization(s) into the future. Donor advised funds are a cost-effective alternative to a private family foundation.
- Consult your tax advisor and investment advisor to determine which assets to give. Gifts made to charities are generally deductible but are subject to limitations based on the type of asset and your Adjusted Gross Income (AGI). These limitations are summarized in the table below:

Percentage of AGI a donor can deduct

Type of	Cash gifts	Long-term capital gain property ¹	Tangible personal property ²
Qualified, tax exempt organization (public charities and donor advised funds)	50%	30% using fair market value of the asset gifted	30% using fair market value of the asset gifted
Private foundation	30%	20% using fair market value if the asset is a publicly traded	20% using tax cost/basis of the asset gifted ³

¹Property held more than one year is considered long-term property. Property held less than one year is subject to different limits.

²These limits apply if your tangible gift will be used by the charity to conduct its exempt function (e.g., art in a museum). Different limits apply if the gift will not be used by the charity in conducting its exempt functions.

³If the fair market value of the gifted tangible personal property is lower than the tax cost/basis (a depreciated asset), the allowed deduction will be limited to the fair market value.

Source: irs.gov

Deductions may be limited for those with high incomes. If your AGI is more than \$261,500 (\$313,800 if married filing jointly, \$156,900 if married filing separately, \$287,650 if filing as head of household), your personal and dependent exemptions may be phased out, and your itemized deductions may be limited. If your 2017 AGI puts you in this range, consider any potential limitation on itemized deductions as you weigh any moves relating to timing deductions.

Reminder: charitable contributions that are not deductible in the current year due to AGI limitations can be carried forward for up to five years.

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