

Charitable giving and the new tax law for 2018

Starting on 1 January 2018 the new tax law went into effect. The personal exemptions have been discontinued, but the standard deduction will increase for individuals and joint filers. For example, if you are over 65 years old, married and filing jointly, the standard deduction will be \$26,600. For those in this category who want to itemize deductions, rather than use the standard \$26,600 standard deduction, the couple would need to exceed \$26,600 in itemized deductions. Also, keep in mind that some previously itemizable deductions have been eliminated.

If you are over 70.5 years old and have a traditional ira or rollover ira, you can deduct up to \$100,000 of your required minimum distribution (rmd) from your gross income when the distribution is given to a qualified charity even if you do not itemize your deductions. This is called a qualified charitable distribution (QCD). For example, if your RMD is \$10,000 you can give some or all of it to a qualified charity and reduce your taxable income by that amount.

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