

Planning Ahead



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Year-End Charitable Gifts

It's the end of the year, the time when many of us bring out our checkbooks to make our annual charitable contributions. There are two wonderful ways to benefit yourself and the charity, and then there are the rules to make sure your donation is received and credited to you in this calendar year.

First, we've had a fantastic run up in the stock market over the last several years. As volatility sets in, now may be a good time to lock in your gain by gifting appreciated stock to charity, and avoid any capital gains tax for yourself. But give yourself some lead time to work with the charity and your stockbroker to be sure the proper direction is given and the transfer of the stock is completed before year end.

Second, if you're over age 70-1/2, you can make a qualified charitable distribution of up to \$100,000 from your IRA to a charity. The money goes directly to the charity, it still counts toward your required minimum distribution but it is not added to your adjusted gross income. Neither you nor the charity will have to pay any tax on the distribution. It's a "win-win" for you and the charity. But again, start early since it will take some time to process.

Here are some other timing rules to keep in mind. When writing a check, the "delivered-when-mailed" rule applies. So long as the check is postmarked by December 31, even though it is not received until the next year, you can count the contribution this year. The rules for gifts made by credit card, pay-by-phone or text message are more complicated. If the charity receives your credit card information before the end of the year, you should confirm with the charity that the gift will be immediately posted, since that is when the gift will be deemed completed. A gift made via pay-by-phone is deemed made when the money is transferred out of the account - as shown on your bank statement. This may or may not be the same date, and if made at the last minute, risks the gift not being counted in the current year. Where a gift by text message is an option, the gift is counted during the year the message is sent.

The moral of the story is be generous - but don't wait until the last minute!

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