



# Chatham Wealth Management

## Charitable Giving Strategies in an Uncertain Tax Environment

If Congress does not act before the end of the year, many taxpayers face higher tax rates and a return of an overall limitation on itemized deductions, among other changes. In addition, if certain tax changes are enacted will impact the tax advantages donors currently enjoy for their charitable giving.

The tax rules could change in 2013, but the majority of the rules for 2012 are certain. Those who are charitably inclined can still maximize their giving before the end of the year so they can meet their charitable goals this year and in the years ahead. Four strategies to consider for charitable giving in anticipation of potential changes to current tax law are:

**1) Increase cash donations before deductions potentially lose value**

- Up to 50% of adjusted income (AGI) for cash gifts provides maximum allowable tax deduction
- Consider a Donor advised program which can allow full tax benefit in 2012 but may be used over subsequent years to support favorite charities

**2) Donate long-term appreciated securities (including securities held long term that lack a cost basis) to reduce taxes now and later**

- Owe no taxes on capital gain
- Full charitable deduction for full FMV of donated security up to a maximum of 30% AGI (2012)

**3) Accelerate income where possible to take advantage of today's tax rates.**

- Accelerating deferred income or take an early bonus will avoid future higher income taxes
- Consider converting IRA to Roth (making charitable deduction could offset increased income tax)

**4) Build flexibility into charitable trusts to prepare for potential increase in estate taxes.**

- No limitation on total amount you may donate from your estate
- Assets transferred to charity are not taxed

Regardless of when and how the dust settles on tax issues, implementing giving strategies may help “lock in” better outcomes – for both you and your favorite charitable causes. As always, consult with a qualified CPA/Estate Attorney to help guide you through the financial decisions best for you.

May you and your family have a healthy and happy holiday season!

