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Charitable Giving Strategies During COVID-19 & Beyond



TODAY'S AGENDA

Changes in Charitable Giving

Charitable Giving Strategies

Protect Yourself

PRESENTER



PATRICK HUGHES, CFP®
Managing Partner
& Financial Advisor



The greatness of a community
is most accurately measured by the
compassionate actions of it's members.

-Coretta Scott King

CHANGES IN CHARITABLE GIVING

A Reduction in Giving



1.1%
DECLINE
POST-TCJA

3.4%
DECLINE
ADJUSTED FOR
INFLATION

A Reduction in Giving But the Need is Growing

A Reduction in Giving But the Need is Growing



CHANGES IN CHARITABLE GIVING

Tax Cuts & Jobs Act



Tax Deduction Changes

- \$12,400 for individuals
- \$24,800 for married couples
- \$18,650 for head of household

CHANGES IN CHARITABLE GIVING

Tax Cuts & Jobs Act



Tax Deduction Changes

90%

TAXPAYERS WON'T
CLAIM ITEMIZED
DEDUCTIONS ON
2019 & 2020
RETURNS

CHANGES IN CHARITABLE GIVING

Standard vs Itemized Deductions

	Standard Deduction (MARRIED COUPLE)	Itemized Deduction
SALT Deductions (State and local property taxes)	\$10,000	\$10,000
Other Deductions (Mortgage interest, health care expenses, etc.)	\$10,000	\$10,000
Charitable Donations	\$4,000	\$10,000
Sum Total of Deductions	\$24,000	\$30,000
Annual Deduction	\$24,800	\$30,000

CHANGES IN CHARITABLE GIVING

Standard vs Itemized Deductions

	Standard Deduction (MARRIED COUPLE)	Itemized Deduction
SALT Deductions (State and local property taxes)	\$10,000	\$10,000
Other Deductions (Mortgage interest, health care expenses, etc.)	\$10,000	\$10,000
Charitable Donations	\$10,000	\$10,000
Sum Total of Deductions	\$24,000	\$30,000
Annual Deduction	\$24,800	\$30,000

CHARITABLE GIVING STRATEGIES

1. Qualified Charitable Contributions (QCC)

1

\$300
above the
line
deduction

2

Itemized and
standard
deductions

3

Cash
donations
only

4

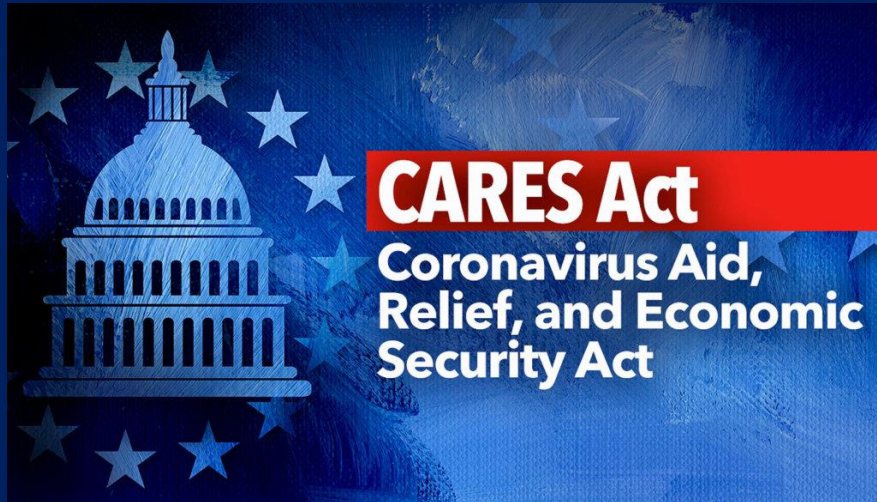
Donor
Advised
Fund *not*
applicable

5

Not to be
confused
with QCD
from an IRA

CHARITABLE GIVING STRATEGIES

2. Cash is King



1. \$300 Qualified Charitable Contributions











- Deduct on 2020 taxes in addition to standard deduction

2. Increase in Itemized Deductions

- Cash Donations = Deduct donations up to **100%** of 2020 Adjusted Gross Income (AGI) for cash gifts to charities

CHARITABLE GIVING STRATEGIES

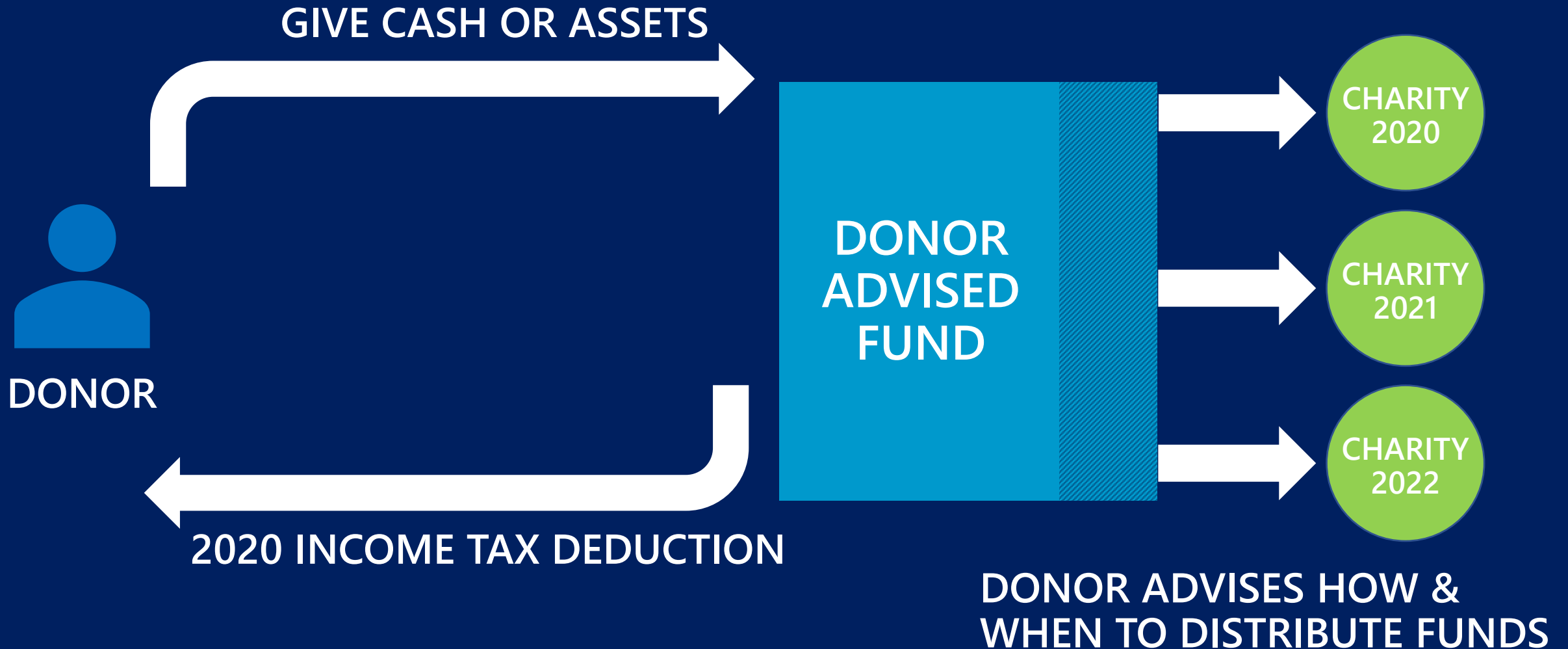
3. Donate Appreciated Stocks, Bonds or Mutual Funds

Sell stock & donate cash proceeds		Donate stock directly to charity
 \$20,000	Value of stock when purchased	\$20,000 
 \$50,000	Current value	\$50,000 
 \$7,140	Capital gains and Medicare surtax paid on \$30,000 (23.8%)	\$0 
 \$42,860	Total contribution to charity (after deducting federal taxes)	\$50,000 
 \$15,858	Income tax savings by making contribution	\$18,500 

EXAMPLE FOR ILLUSTRATIVE PURPOSES

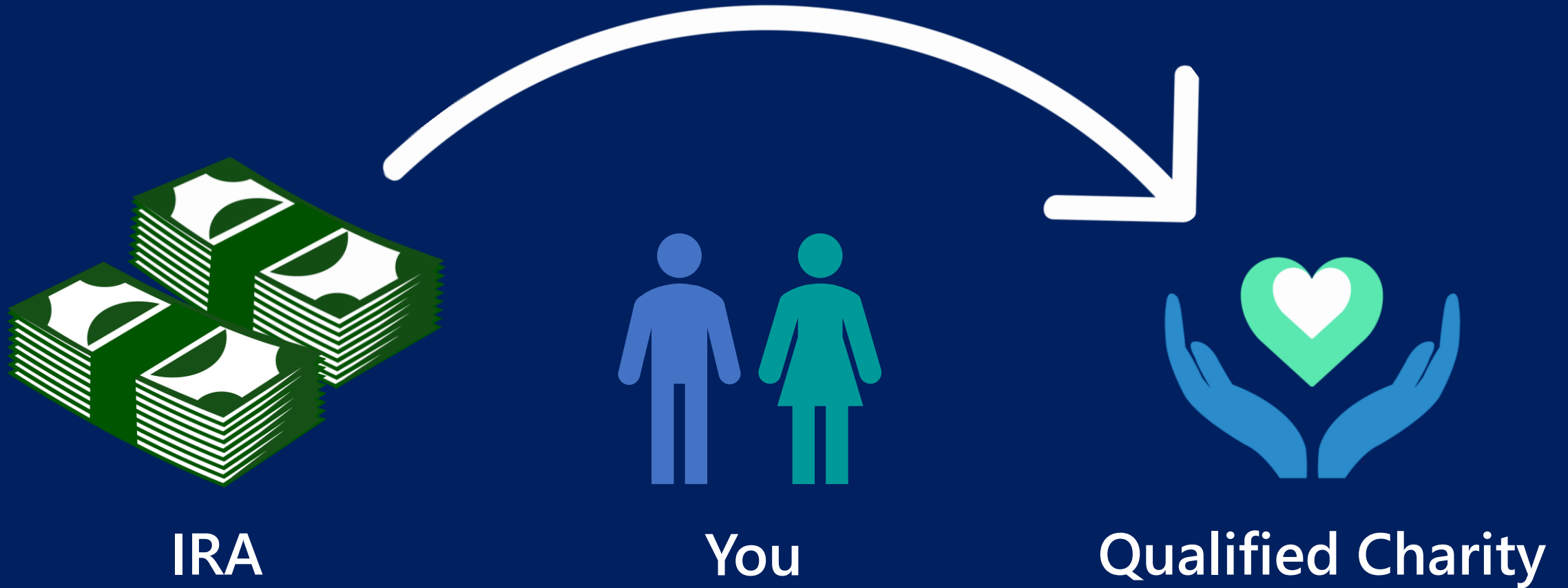
CHARITABLE GIVING STRATEGIES

4. Donor Advised Funds (DAF)



CHARITABLE GIVING STRATEGIES

5. Qualified Charitable Distributions (QCD)





5 STAR TIP

Use Charitable Donations to Offset Roth Conversions

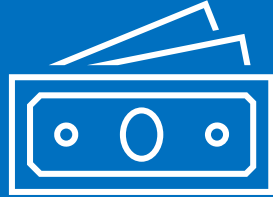
Charitable Deduction	(\$20,000)
Roth Conversion Taxes	\$20,000
Federal Tax Liability	\$0

PROTECT YOURSELF

How to donate wisely and avoid charity scams



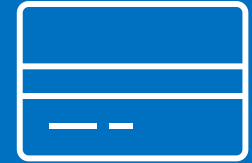
Research the
charity



How much goes
to the charity?



Look up the
ratings/report

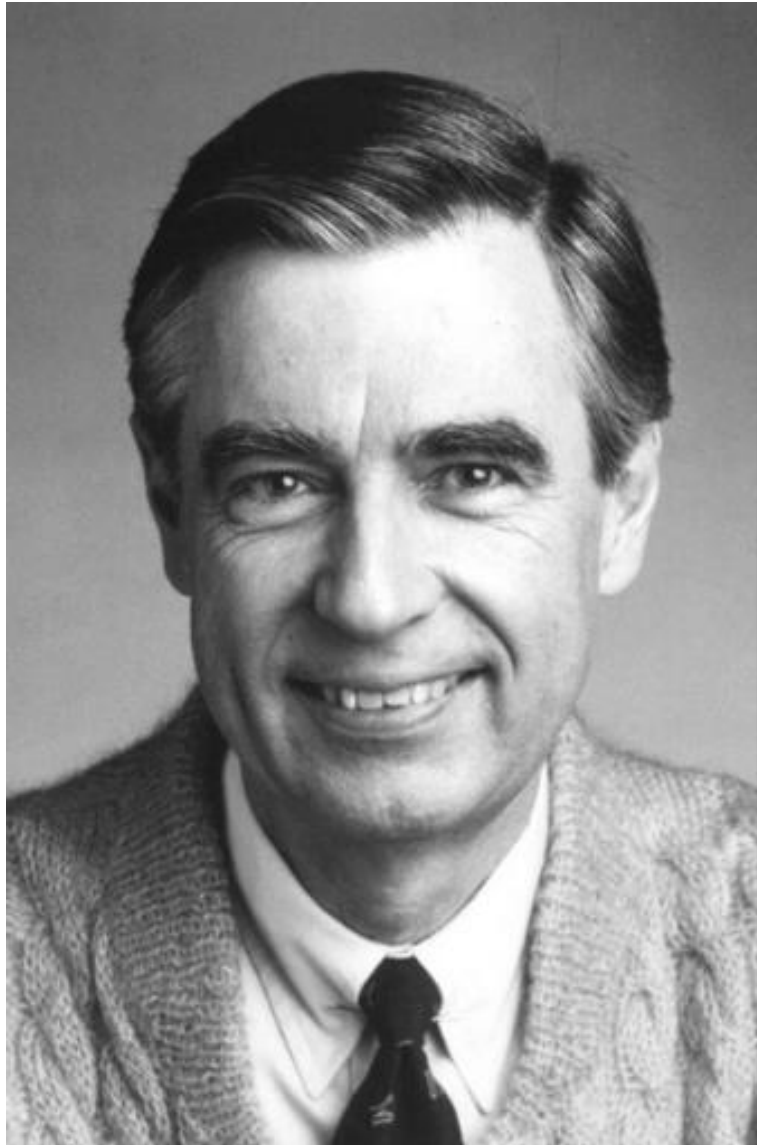


Never pay by gift
card or wire transfer

PROTECT YOURSELF

Resources to Consult

- BBB Wise Giving Alliance www.give.org
- Charity Navigator www.charitynavigator.org
- Charity Watch www.charitywatch.org
- GuideStar www.GuideStar.org
- IRS' Tax Exempt Organization Search www.irs.gov/charities-and-nonprofits
- State Charity Regulator www.nasconet.org



"When I was a boy and I would see scary things in the news, my mother would say to me,

'Look for the helpers. You will always find people who are helping.'

To this day, especially in times of 'disaster,' I remember my mother's words and I am always comforted by realizing that there are still so many helpers—so many caring people in this world."

~Fred Rogers

Hughes Financial Services will be hosting **20-minute virtual educational Lunch & Learn sessions** during which we'll do a deep dive on an array of financial planning topics. Grab your device and lunch and join us each **Wednesday at 12:00 pm** to juice up your financial planning knowledge!



RECORDINGS AVAILABLE AT WWW.H4FS.COM

>> Use the Events Tab and Workshops & Webinars Link

- Roth IRAs: To Convert or Not to Convert
- Cybercrime 2020: How to Identify & Protect Against COVID-19 Scams
- Estate Planning Steps to Take During the COVID-19 Pandemic
- Fundamentals of Investing
- Value in the Vault: A Guide to the HFS Client Portal
- What is a Vital Documents File & Why You Need One

UP NEXT:

An Economy Under Attack: What the Experts Are Telling Us ▪ May 20th @ Noon (EST)

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If you have questions about this presentation, please contact us at:
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SOURCES: Michael Kitces; APFA; FTC; IRS; Forbes; GivingUSA2019; Fidelity.com

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