



Optimizing our gifting to our faith community while also optimizing our tax position

As the end of the year approaches, many people evaluate their finances and tax position. Your parish finance council encourages you to consider all options which may be available to you, including those listed below.

Gifts IRA distributions

Individuals at least 70 1/2 years of age who have IRA accounts must take a minimum distribution from those accounts annually. If the individual does not need that income to maintain their standard of living, a distribution (up to \$100,000 annually) can be donated to their parish and the donor can avoid income taxes on the distribution. The new tax law (effective for 2018) will result in many taxpayers no longer itemizing their deductions. This strategy allows a deduction even for non-itemizers by excluding the donated amount from taxable income. The IRS has specific instructions as to how this may be done and we have helpful forms on our website for you to provide to your tax or financial advisor.

Gifts appreciated securities

If you own appreciated publicly traded securities (outside of an IRA account) which you have held for over a year, you may donate those securities to your parish and may be eligible to receive an income tax deduction and avoid capital gains tax based on the full value of the securities being gifted.

Gifts appreciated real estate

As with appreciated securities (see above), the donor may be eligible to receive a tax deduction based on the value of the property donated while at the same time avoiding capital gains tax. A qualified appraisal is required.

Gifts grain

For farm operators, gifting grain **directly** to your church may provide very significant tax savings. The donor avoids the sale of the grain as income, potentially reducing self-employment tax as well as income tax. The new tax law (effective for 2018) will result in many taxpayers no longer itemizing their deductions. This strategy allows a deduction even for non-itemizers by excluding the donated amount from taxable income. Please consult your tax or financial advisor.

If, after talking with your tax advisor, you wish to donate specific assets to your parish and have questions, please contact Marcia Reilly, PLC, or one of our business managers – Jeannie Springer (St. Mary, Vinton) at 319-472-3368 or Nancy Dobney (St. Mary, Urbana and Sacred Heart, Walker) at 319-448-4241.



***VERY IMPORTANT NOTE: The above summary is general information which should not be considered tax advice. It is imperative that you consult your own tax advisor for your specific tax situation.**