

2022 Gift Planning News

2022 may well see legislation passed that could bring substantial tax law and other changes; however, due to gridlock in Congress, no major tax legislation was passed before year-end as was anticipated. Before the close of 2021, the IRS released new tax tables and other figures that are indexed for inflation for use in 2022. These include new federal income tax rate tables and increases in the following: the standard deduction, the annual exclusion for gifts, the unified credit against estate and gift tax amounts and insubstantial benefits for charitable gifts.

For more information, please feel free to explore our gift planning website for tips and ideas that may best fit your needs.

Good News for Gift Annuities!

Charitable gift annuity rates increased on July 1, 2022. With interest rates rising, new higher payment rates were approved by the ACGA on May 17, 2022. The suggested maximum rate schedules became effective on July 1, 2022. Gift annuity rates are based on age. Your gift annuity rate will be determined by the rate that is within 6 months of your nearest birthday. The new rates are illustrated below.

One Life	Rate
60	4.5%
65	4.8%
70	5.3%
75	6.0%
80	7.0%
85	8.1%
90+	9.1%

Two Life	Rate
60 & 64	4.1%
65 & 67	4.4%
70 & 72	4.8%
75 & 78	5.4%
75 & 85	5.7%
78 & 82	5.9%
85 & 90	7.5%

The above gift annuity rates are based on the American Council On Gift Annuities suggested rates effective July 1, 2022. Check with us for other rates.

Taxes and Giving

For over 100 years, charitable gifts have enjoyed special treatment in our nation's tax system by way of a charitable deduction for income, gift and estate tax purposes.

The *Tax Cuts and Jobs Act of 2017*—which became effective in 2018—repealed or limited many deductions, but the charitable deduction escaped virtually unscathed. In fact, it was enhanced through an increased allowance for cash gifts that can be claimed each year (up to 60% of adjusted gross income). Gifts above that amount may be carried forward up to five years. Additionally, a provision that would have reduced the benefit of itemized deductions for high income taxpayers has been eliminated by repealing the Pease Amendment.

The *Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act)* made several changes that may serve to encourage charitable gifts from retirement plans after first providing for your needs and those

of your loved ones.

The *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, signed into law on March 27, 2020, not only included provisions related to supporting the needs of individuals as well as small and large businesses but also included important sections to benefit the charitable sector. This included a limited allowance for an above-the-line charitable deduction for cash gifts of up to \$300—a benefit for non-itemizers who support charitable causes. It also increased the overall AGI limitation for charitable cash contributions from 60% to 100%—a benefit for itemizers intended to encourage larger gifts. While this is just a small part of multiple pieces of this legislation, these provisions recognize the important contributions of the nonprofit sector to society. Additional COVID Relief Acts were passed in December 2020 and March 2021 to extend and expand these benefits.

Though every person's tax situation is different, most tax payers will benefit from the newly expanded standard deduction or may continue to claim itemized deductions for their charitable gifts. Explore the additional pages here to learn more about the different gift options available. These ideas may be helpful to discuss with your advisors to complete gifts now or in the future.

Charitable Giving Strategies to Consider

1. Qualified charitable distributions (QCDs) from IRAs are advantageous for eligible individuals. Although no charitable deduction is available, the income tax that is normally owed on withdrawals is avoided. QCD rules:
 - Individuals must be at least age 70½ on the date of the gift.
 - QCDs can come only from IRAs, not 401(k)s or other retirement accounts.
 - A maximum of \$100,000 may be given annually.
 - The transfer must come directly from the IRA custodian.
 - QCDs can be made only to public charities, not to private foundations or donor advised funds.
 - Distributions can be used to satisfy a person's pledge.
2. Life-income gifts such as charitable remainder trusts and charitable gift annuities offer several advantages to satisfy philanthropic goals. Because deductions for remainder trusts and gift annuities tend to be larger, you may be able to itemize in the year a gift is arranged. Payments from life-income gifts may be attractive to those who would normally make bequests to charity through a will or living trust—providing income tax and possibly capital gains tax savings. Funding life-income gifts for loved ones in your estate plans may provide them with regular payments for life or a term of up to 20 years.
3. Making gifts of appreciated assets, such as stock or mutual funds, allows you to avoid the capital gains tax that would be due if the assets were sold, offering tax savings even if you use the standard deduction.
4. Those with donor advised funds can direct gifts to public charities. You may be able to itemize by making a larger gift to a donor advised fund, from which annual gifts can be made over several years. Contributing appreciated securities to a donor advised fund provides added tax savings.

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