

Promote tax-advantaged contributions

Many of your donors can leverage contributions to reduce their tax liability.

It's good stewardship!

Your donors may be able to take advantage of some changes included in the [CARES Act](#) and other tax-advantaged giving strategies.

Bunching Gifts - Donations to your church are tax deductible for donors who itemize deductions. Donors who may not reach the itemization threshold in a single year can strategically “bunch” deductions. For example, they can combine contributions for 2020 and 2021 to meet the threshold.

Special Tax Incentives for 2020 only -- In 2020 only, cash contributions (checks, ACH, etc.) are deductible up to 100% of a donor's adjusted gross income (AGI). Ordinarily, these deductions are limited to 60% of AGI. Also, in 2020, donors are able to reduce taxable income by up to \$300 for cash contributions.

Appreciated Securities -- Donors may be able to increase their tax benefits by contributing stocks, bonds or mutual funds that have experienced capital gains. Donors receive an income tax charitable deduction for the value of the security when they make the donation to your church. The donor is able to avoid paying taxes on the capital gains they would have owed if they had sold the security.

IRA Charitable Rollover and the Required Minimum Distribution (RMD)

Donors who are 70 ½ or older can make a Qualified Charitable Distribution (QCD) from their IRA of up to \$100,000 annually. The QCD should be donated directly to your church and is exempt from income tax to the donor. Although Required Minimum Distributions (RMD) have been suspended for 2020, donors subject to an RMD in the future can use a QCD to meet the required distribution and avoid a taxable event.

Donor Advised Fund Grants

Donor Advised Funds (DAF) are the fastest growing charitable giving vehicle in the United States. A DAF is an investment account established by a donor for the purpose of making charitable contributions. Funds contributed to a DAF are tax deductible in the year they are given and allowed to gain interest tax-free. Donors issue “grants” to eligible non-profits directly from their DAF. Contributions to a DAF are irrevocable and can only be used for charitable purposes. It is important to let your DAF holders know you are eligible to receive DAF grants. You may not know who in your church has established a DAF, but you can publicize your eligibility to receive DAF grants.

Tax Advantaged Giving is Important, but Not Most Important:

Rarely is the ability to reduce a tax liability the most important reason donors contribute to your church. However, effective tax giving strategies allow your donors to give more and create a win-win for your organization and your donors. As always, it is important for donors to seek advice from their tax representative to know what is best for their circumstances.