Giving to Arlington Thrive: Your Questions Answered

Any time there is a change in tax law – just as when there is a change in your life circumstances, such as the birth of a child or a change of careers – it’s a good time to review your financial and tax strategies, as well as your estate plan, to make sure you adjust your strategies and stay on track to achieve your goals under the new circumstances. Since the new tax reform bill was passed late in 2017, many of our donors have questions about how it will affect their financial support of Arlington Thrive. Chelsi Dildine, a Financial Advisor with Edward Jones with an office in Arlington, VA, has been kind enough to offer some answers. Chelsi is a member of Arlington Rotary, which sponsored a fundraising event for Arlington Thrive in September 2017.

Q: How will the 2018 Tax Law affect charitable giving?

A: Because the new standard deduction is now higher, charitable giving that is deducted from your taxes by itemizing your deductions may not actually lower your taxes. However, giving a Qualified Charitable Distribution might still benefit you tax-wise.

Q: What is a Qualified Charitable Distribution, and how do I reflect that on my tax return? How does this benefit a donor?

A: A Qualified Charitable Distribution (QCD) is a donation given directly from a Traditional or Roth IRA to qualifying charities. A QCD can be up to $100,000 annually and can be used to satisfy required minimum distributions (RMDs) from an IRA without having the distribution included as income. By making the donation directly from your IRA, the distribution is tax-free. Such charitable deductions can be reported on IRS Form 1040.

Q: How does this benefit a charity like Arlington Thrive?

A: With a QCD, qualified charities such as Arlington Thrive will receive the full QCD amount as a donation rather than receiving the lesser amount the donor would have had available to give had he or she taken the distribution as income and paid taxes on it before donating the remainder.

Q: If I’m younger than 70 1/2, are there other tax strategies I should be considering?

A: Another strategy for charitable giving is to donate appreciated stocks instead of cash, which will allow you to avoid paying capital gains tax on those stocks. Unlike an individual, a charity to which you donate appreciated stocks does not incur capital gains taxes when it tenders the security. This allows the charity to receive a larger donation than if you had sold the stock first then donated the money you received. It also allows you to avoid paying taxes on the appreciation.

On Tuesday, May 22, at 7:00 p.m., Chelsi is hosting an educational seminar on estate planning, which will include discussing the role of charitable donations in an estate plan. For more information, please contact Chelsi directly at chelsi.dildine@edwardjones.com or 703-243-9276.