

Details of 2018 Tax Law Changes Finalized

The details of the 2018 Federal Tax Bill have been finalized and are ready for the president's signature this week.

If you normally itemize deductions, there are some new provisions in the 2018 bill that will directly affect charitable contributions.

If you are one of the millions of people that will no longer be itemizing your deductions, consider making your 2018 charitable contributions before December 31, 2017. That will allow you to claim the gifts as itemized deductions this year, and avoid not being able to use the deductions if you make the contributions in 2018 and use the new, higher standard deduction.

Here is a summary of the provisions affecting itemized deductions:

1. The changes will take effect in tax year 2018.
2. The standard deduction will almost double to \$24,000 for married couples (\$12,000 for single).
3. The deduction for state and local income, property and sales taxes will be capped at \$10,000 total for all combined.
4. The deduction for interest paid on a home mortgage will remain the same for existing mortgages, but the interest deduction for new mortgages will be capped at \$750,000. The deduction for interest paid on a home equity loan incurred for something other than home improvement will be eliminated.
5. The deduction for medical expenses will remain, with the AGI limit lowered from 10% to 7.5% for years 2017 and 2018.
6. **The deduction for charitable contributions remains (but you will only be able to take advantage of this benefit if you itemize).**

Note: Charitable contributions may be your only opportunity to take advantage of the tax changes coming in 2018. The bill limits your ability to pre-pay your other itemized deductions to take advantage of the deduction this year. However, nothing prohibits you from making your 2018 charitable contributions now. Make sure you make the gift prior to December 31, and you will preserve your ability to claim it as an itemized deduction this year, even if you do not itemize under the new rules next year.

For significant gifts, you may also consider adding to or starting a **donor advised fund**, which can be used to complete your tax deductible gift now. The **donor advised fund** will allow you to control the timing and amounts distributed from your fund to the ministries of your choice.

This is intended as general information. Please consult your tax advisor for specific results in your situation.