

- **New for 2020!** Even if you do not itemize your deductions, you can claim up to $300 for charitable cash (check/credit card) contributions to qualified charitable organizations. This will be added to your standard deduction.

- If you itemize your deductions, you may want to bunch charitable contributions (do 2 years worth of contributions in 1 year). Recent changes have increased the "standard deduction" available to taxpayers. If the standard deduction is greater than the itemized deductions, then any charitable deductions used to arrive at the itemized amount will essentially be unused because the "automatic" standard deduction is greater. However, if charitable contributions are grouped into one year, then the total itemized deductions will exceed the standard deduction, resulting in greater tax savings. The goal here is for your charitable contributions, along with your itemized deductions to exceed your standard deduction. That is because taxpayers can either itemize or take the standard deduction, but not both in the same year. You can vary from year to year which one you take.

  Example:

Without grouping Charitable Contributions			Grouping Charitable Contributions into one year	
2020	2021		2020	2021
		Taxes Paid (limited to $10,000):		
7,700	7,700	State & local Withholding from paychecks	7,700	7,700
3,500	3,500	Real Estate Taxes Paid	3,500	3,500
1,000	1,000	Auto Excise Taxes Paid	1,000	1,000
(2,200)	(2,200)	(less amount over $10,000)	(2,200)	(2,200)
10,000	10,000		10,000	10,000
2,000	2,000	**Deductible Mortgage Interest**	2,000	2,000
15,000	15,000	**Charitable Contributions**	30,000	-
27,000	27,000	**TOTAL ITEMIZED DEDUCTIONS**	42,000	12,000
24,800	24,800	Automatic Standard Deduction (Married Filing Jointly)	24,800	24,800
27,000	**27,000**	**Take larger of Itemized or Standard**	**42,000**	**24,800**
	11,880	Tax savings @ 22% tax rate	**14,696**	

Making all charitable contributions in one year saves **$2,816 in taxes (assuming a 22% tax rate)

- If you want to donate to charity, a good idea is to donate appreciated stocks etc. Many details here – but you can potentially deduct the full value and avoid tax on the gain.

- For those of you who take money out of your IRA account (including the RMD) while also giving money to charity, you may want to consider doing a qualified charitable distribution (having the money go directly from the IRA to the charity without passing through you). Due to the larger standard deduction, many people who give to charity no longer receive a tax benefit from their donations. Doing a qualified charitable donation from your IRA will allow you to not have to claim as income (for both federal and state purposes) the amount that you donate directly from your IRA to a qualifying charity.

- Speaking of RMD's, if you normally have taken an RMD in past years and had taxes withheld from it, but you did not take the RMD in 2020 (since it was not required for the year 2020), your total taxes paid in will be less, resulting in the potential for underpaid taxes through withholding and estimates.

- Look at your estate planning – based on election results it is very probable that the high estate and gift tax exemption will lower substantially in the future. You can give up to 15,000 per person in gifts for the year without having to pay any gift tax or use any of your lifetime exemption amounts.

This list only represents SOME of the unique issues for 2020. If you have other questions, please contact us!

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