

A Synopsis of the Article “How to Increase Your Church’s Giving in Spite of the New Tax Law” by Tim Norwood, 11/7/2018, Horizons Stewardship

1. The Tax Cuts and Jobs Act of 2017 (TCJA) eliminated the personal exemption and almost doubled the standard deduction, capped the amount of property taxes paid that may be deducted and eliminated the deduction for interest on home equity indebtedness, thereby cutting the number of filers who will be able to itemize deductions. However, it is not bad news. Due to the increase in the standard deduction, the doubling of the child credit and the lowering of overall tax rate within brackets many will see their tax bill reduced or unchanged.
2. The author of this article recommends three strategies for those affected (Bunching, Boosting and Bypassing) to maximize tax benefits of contributions.
 - a. **Bunching** is a concept of donating the same amount over a two year period, but giving that amount for the two years in one year. This maximizes the donation for amount given in a year thereby increasing the likelihood of it being deductible. However, it does skew the church’s cash flow. To mitigate the effect on the church’s cash flow, the donor could set up a donor-advised fund (DAF) with an investment company directing the church to be the beneficiary. The donor could give every other year to the fund receiving the deduction in the year of the gift, but direct the fund to give the contribution over two years.
 - b. **Boosting** is a term the author uses to describe asset gifts to the church in lieu of cash contributions. If the donor has a highly appreciated asset to give to the church there can be some tax benefits to the donor.
 - c. **Bypassing** is the concept of giving in a way to bypass an income stream. The most common way is to give a required yearly minimum distribution (RMD) at age 70 1/2 directly from an IRA to the church. This is a way to optimize tax benefits whether or not the donor itemizes.