

Charitable Giving Benefits You Too



As we come to the holiday season, charitable giving comes to the fore. Do you donate money to charity each year? Perhaps you donate to an organization dedicated to finding a cure for an awful disease. Perhaps you choose to benefit organizations that support and encourage positive growth in our youth. Perhaps you choose to support the local animal shelter or abuse prevention organization. Most everyone has a cause that is near and dear to their heart.

In order to reap the most benefit from charitable giving, you must first choose an appropriate charity to benefit from your generosity. There are thousands of charities working within a huge variety of causes from which to choose. Thus, you can be certain that there is a charity working to bring positive change in a way that you would love to support. Of course, the causes touched upon above are just a few examples of where your donation can make a difference.

Once you have decided that you would like to support a charitable cause, it is important to determine how you will contribute. Most will choose to donate cash; however, you might also consider donating highly appreciated securities, which would allow you to avoid paying the capital gains tax on those assets. Likewise, the charity also would avoid paying this tax due to its charitable status.

Aside from a monetary donation, you may also donate goods. When purging your households to make way for new holiday items, you can donate those that are gently used, but no longer desired. For example, you may have a pantry full of uneaten, non-perishable food that your family is not eating. Consider filling a couple of grocery bags with this food and donating to your local food pantry. Likewise, children often grow out of clothes and get bored with their toys while they are still in good repair. Many charities that benefit children would be delighted to receive these clothes and toys to help the children that they serve. Similarly, when you and your old vehicle finally part ways, you do not have to send the vehicle to a junk yard. Many charities accept any vehicle, working or not, as a donation.

If making a monetary contribution or a donation of goods is not possible at this time, consider volunteering your time to your favorite cause. Elder services, animal shelters, hospitals, and soup kitchens are all wonderful places to volunteer. While the time you volunteer is not tax-deductible, any out-of-pocket expenses associated with volunteering are usually deductible. For example, travel expenses to and from the volunteer site, as well as parking fees and tolls may be deducted.

When you have decided which cause you would like to help and in what manner, you are almost ready to make a donation. Be certain that the charity has received approval from the Internal Revenue Service ("IRS") as being eligible to receive tax deductible contributions. You can determine the tax exempt status of an organization either by contacting your local IRS office or by asking the organization for a copy of its "Letter of Determination," which is the formal notification the organization receives from

the IRS once its tax exempt status has been approved. Also, IRS Publication 78, Cumulative List of Organizations, is an annual listing of thousands of organizations that can accept tax deductible donations.

Donations claimed as tax-deductible contributions for 2024 must be actually paid to the charity on or before December 31, 2024, and it is best always to obtain a receipt for your donation regardless of the amount. Further, in order to claim a charitable deduction on your income taxes, you must itemize deductions on your federal tax return. When you give to organizations that are public charities, you may deduct contributions representing up to 50% of your adjusted gross income. Individuals giving to organizations that are private foundations may generally deduct contributions representing up to 30% of their adjusted gross income. These deductions can result in significant savings on your income taxes.

Charitable giving is extremely rewarding. You will not only reap the benefit of knowing that you are helping to make a difference in this world, but when tax season comes you may enjoy a beneficial tax deduction as well.

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