

CHARITABLE GIFTING OF REQUIRED MINIMUM DISTRIBUTIONS

The new tax law has created a situation where charitable gifts that were likely tax deductible, no longer will be, due to the increase in the standard deduction. For seniors, the standard deduction for joint filers is now \$26,600. When also considering the lower and lower mortgage interest deduction most seniors have, it's unlikely that tithes and/or other charitable gifts will exceed \$26,600. That's why it's so important for seniors, who are receiving RMDs from IRAs or 401Ks, to know about a unique tax benefit especially designed for them.

If a person receiving RMDs is making gifts to a church or charity without using this tax benefit, they likely aren't going to be able to tax deduct the gift, due to the new standard deduction. So, the RMD is fully taxable but the gift isn't tax deductible. However, seniors can have RMDs sent directly to their church or a public 501c3 charity and it won't be included in their income. Obviously, this is the same as fully tax deducting the gift.

We have senior utilizing this tax break but also leveraging their RMD gift (all or in part) to fund a legacy gift of life insurance for the church or charity.