

TOP 4 WAYS TO DONATE IN 2021

1. Increased Charitable Deduction for Non-Itemizers

The special charitable deduction that was created in 2020 has been extended to 2021 and increased. The tax deduction for 2021 allows for charity donations up to \$300 without itemizing and is increased to \$600 for married individuals filing jointly. To qualify, you must give cash (including paying by check or credit card) to a 501(c)(3) charity, otherwise known as an operating nonprofit. Gifts of goods or stock do not qualify.

2. Give Cash Contributions Directly to Charity of up to 100% of your income for 2021

In 2021, you can deduct cash gifts of up to **100%** of your adjusted gross income, maintaining the 2020 increase from the usual 60% limit. To qualify for this higher limit, the gifts must go directly to the charities or operating nonprofits, rather than to a donor-advised fund or private foundation.

3. Offset a Roth Conversion with a Charitable Cash Donation

Combining a large cash donation and a Roth conversion could be a great opportunity for many givers in 2021. An individual with the goal of making a \$400,000 cash donation, and expected 2021 gross income of \$200,000, could also convert up to \$200,000 from a regular IRA to a Roth with little or no additional tax. The 100% “ceiling” on charitable gifts would shield both the Roth conversion and the individual’s other 2021 income. If the regular IRA assets have temporarily declined due to coronavirus market wobbles, proper timing of a conversion can save additional taxes (the assets would be valued at the date of conversion, not their later value after recovery from the decline).

4. Donate to Charity from a Traditional IRA Starting at Age 70 1/2

Making a charitable contribution from your IRA not only allows you to support a good cause, it also offers tax advantages. The donor must be **70 1/2 or older**. The gift must be made directly from the IRA to an eligible charitable organization for the money not to be taxed as earned income. Gifts to all charities combined cannot exceed a total of \$100,000 per taxpayer for the year.