

# Let the IRS Help

By Tom Barrie

**M**aking a contribution to the Westie Foundation should be a convenient, efficient process. In addition to the satisfaction of supporting Westie health research, one of the benefits of contributing is the income tax deduction which is allowed for charitable contributions. The 2018 tax law changes may reduce the benefits to the donor by making the standard deduction large enough that charitable deductions, with other deductions, do not exceed the standard deduction allowance. For some, the new standard deduction will make itemizing deductions of no benefit to the taxpayer.

You can usually deduct the full fair market value of appreciated long-term assets you've held for more than one year, such as stocks, bonds or mutual funds. In addition, if you donate stocks or other investments, you pay no capital gains tax.

Donating investments—especially highly appreciated securities—instead of cash can be a very effective and tax-efficient way to support a charity. Generally, if your assets have appreciated in value, it's best not to sell securities to generate the cash you need for a donation. Contributing the securities directly to the charity increases the amount of your gift as well as your deduction.

This method will maximize the effect of your gift to the Foundation by donating appreciated assets, such as stocks, bonds or mutual funds. Especially after a period of escalating stock markets, the value of many stocks will include unrealized gains. By making a donation of appreciated stock, the recipient gets the current appreciated value, and the donor is allowed the deduction for that value. No tax is due to the donor on

the appreciation – the charity pays no tax: in effect, a tax-free transaction.

Many retired individuals are faced with IRA Required Minimum Distributions (RMD). Specified amounts must be withdrawn each year or the owner faces major penalties. Again, in this case, if the owner chooses to make a donation out of this withdrawal, he should make it as a direct in-kind donation to the Foundation, avoiding personal taxes on the donation, yet fulfilling the obligation for the RMD. This process is called an IRA Charitable Rollover, and allows a donor to lower their adjusted gross income and therefore the overall tax liability.

Since fewer taxpayers are itemizing their tax deductions, it may make sense to “double-up” your contributions by making double contributions in one year.

Every Broker will have the forms on their website necessary to make a direct stock transfer, or contact your customer representative to get the information you need. Also contact

[Gary Sackett, WFA Treasurer, [treasurer@westiefoundation.org](mailto:treasurer@westiefoundation.org)]

[or Jim McCain, Donor Manager, [catercain@gmail.com](mailto:catercain@gmail.com)]  
choose one for necessary information on where the donation is to be sent.

Of all the itemized deductions available to you, the charitable deduction is perhaps the most flexible in that you can control both the amount and the timing of your donations. And, as with all tax decisions, it's a good idea to meet with a tax or financial advisor to determine the best charitable-giving strategy for your situation.



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