

Structuring Year-end 2023 Donations: Options to Maximize your Tax Advantages

Eligibility for Charitable Tax Deductions

To deduct charitable contributions on your 2023 federal 1040 tax return, itemization is required, using schedule A. Your total deductions must exceed these 2023 standard deductions in order to itemize:

- Single taxpayers and married individuals filing separately: \$13,850
- Married, filing jointly: \$27,700

In 2023 the amount of cash donations which may be itemized is up to 60% of adjusted gross income. For more information refer to [IRS Publication 526](#).

Gifts of Appreciated Assets

Giving appreciated assets, such as publicly traded securities owned for at least one year, can result in significant tax benefits. Donors are eligible for a charitable deduction equal to the full fair market value of the securities (e.g. stocks, bonds, mutual funds), up to 30 percent of your AGI, and there is no tax on the gain. [Read more online](#).

Donations of real estate, although subject to thorough due diligence, also benefit from gain exclusion. Stock transfers tend to be completed swiftly, but other donations may take more time to execute, so allow adequate time for the gift to be complete in 2023.

Qualified Charitable Distributions from IRAs

If you own an Individual Retirement Account (IRA) and are over the age of 70½, you may make a qualified charitable distribution (QCD) to the Air Force Academy Foundation from a standard IRA. In 2023 the age when required minimum distributions (RMD) must begin rose to 73, at which age there are advantages to arrange a direct QCD transfer. The QCD amount will not be included in your adjusted gross income, thus offsetting the RMD. Your IRA administrator can send to the Foundation all or a portion of the RMD (up to \$100,000). This gift opportunity may be particularly appealing if the standard deduction threshold precludes you from itemizing deductions, including for charitable gifts.

[Read more online](#).

Bunching

Due to the tax law that went into effect beginning in 2018, many donors are no longer able to itemize deductions. If you desire to qualify for a Schedule A deduction, consider the strategic “bunching” of charitable gifts. Combined with deductions for state and local taxes, mortgage interest, etc., making gifts for multiple years in one tax year can enable itemizing all deductions, bringing you tax benefits that may have been absent without “bunching.”

Donor Advised Funds ([read more online](#))

Donor-advised funds (DAF) have become an increasingly popular tactic in financial management and philanthropy. You simply give an amount to a DAF, which are offered by various investment firms and community foundations, and then request distributions to the charities of your choice, at the time most advantageous for them. A charitable tax deduction may be available in the year of the gift to the DAF; distributions from DAF's are not eligible. The Air Force Academy Foundation is a willing recipient of DAF distributions.

Gifts that Give You Income for Life

Another tax-wise alternative is to use your appreciated assets to fund life income gifts, such as gift annuities or charitable remainder trusts. This kind of gift allows you to avoid tax on some or all of your capital gain, and you will receive income for life. A current income tax deduction may be available for the year you establish the life income plan. Several options are available, depending on your circumstances, and the Air Force Academy Foundation can provide illustrations comparing them and showing the various benefits. [Read more online.](#)

Gifts of Beneficiary Designations

An attractive option is to designate the Air Force Academy Foundation as the future recipient of some or all of what's left in various accounts you currently hold. Some examples include, but are not limited to:

- Retirement Plans, such as an IRA, 401(k), 403(b), or other qualified plan
- Savings and Checking Accounts
- Brokerage Accounts
- Mutual Funds
- Donor Advised Funds
- Owned Life Insurance Policies

In addition to the satisfaction of making a future gift to help the Air Force Academy, your benefits may include estate tax savings.

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Disclaimers:

The above information pertains to calendar year 2023; tax laws may change in future years. The Air Force Academy Foundation is not engaged in rendering legal or tax advisory service. For advice or assistance in specific cases, the services of an attorney and/or other professional advisors should be obtained.

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