



faith . discipline . patience

'Tis the season for fall campaign letters from all our favorite charities. And I hope you're able to give but before you do so consider the following information:

If you own highly appreciated stocks in a taxable account remember to "give away your winners and sell your losers". Rather than writing a check to the non-profit organization you can gift them some of these shares. You'll be able to list the value of the shares gifted on Schedule A without realizing capital gains since you never sold the shares.

Conversely, if you have an investment which has lost value you want to sell before you gift the proceeds in order to realize a capital loss. If your capital losses exceed your capital gains you can deduct up to \$3,000 against your ordinary income and carry unused capital losses forward to future tax years.

After the standard deduction nearly doubled to \$12,200 (single) or \$24,400 (joint) not as many people benefit from itemizing various expenses like charitable donations. However, you may find 'bunching' of gifts a beneficial option.

Instead of giving e.g. \$5,000 per year you could gift \$10,000 every other year and increase your chances of the sum of your Schedule A items exceeding the standard deduction. Then, in your "non-giving year" you could use the large standard deduction.

For those 70.5 or older you have to take a Required Minimum Distribution (RMD) from most tax deferred accounts. If you make the distribution payable directly to a qualified charity you can fulfill the RMD without the amount counting towards your income. This can be helpful in keeping your Medicare Part B and D premium down as these may bump higher if your income exceeds certain thresholds.

If you give to a charity directly from your IRA you cannot list such Qualified Charitable Distributions (QCD's) on Schedule A.

However, if you've already taken distributions from your IRA this year you may already have met your 2019 RMD. The IRS considers the first money coming out of your IRA to meet your RMD. If so, keep a QCD in mind as January rolls around. 2020 will be here before we know it.

Good luck.

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