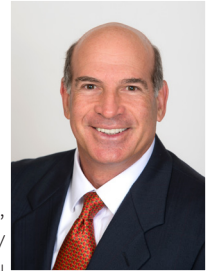


THE Rational Optimist™

Charitable Gifting: Part Three

The Ins and Outs of Charitable Gifting BY MITCH LEVIN, MD, CWPP, CAPP



First, not all donations are deductible. There are income limitations and deductibility limitations to consider. For appreciating assets, one percentage is deductible; for cash and equivalents another percentage is deductible up to a certain amount of your income.

By income, the IRS measures all kinds including tax-free municipal bonds and Roth IRA/401(k) distributions, as well as earned and unearned, passive and active, and rental and capital gains.

The rules seem to change on a regular basis. And timing can be important. We will consult with a tax professional on your behalf to help you achieve efficiency.

Nevertheless, we have a culture of giving that is supported by our government in the form of tax-payer subsidy through tax deductions.

Secondly, we recognize that gifting is uniquely an American phenomenon. Other countries with more social services delivered through the compulsory confiscation of property (known as taxation) have very little charitable culture.

In many of these countries, religion has diminished as a part of the lives of their citizens as they become

more secular. Arts, health, education, and other social services are courtesy of the tax-payers also but administered through their governments, rather than private entities.

This brings me to the third point - Many of these private entities may have grown so large as to be indistinguishable from government activity. Some may even take your gift, and “re-gift” your contribution to a different organization (sometimes one whose mission you may be strongly opposed to).



Ensure your generosity is used as intended.

For example, had you donated to the breast cancer research funding organization, The Susan G. Komen Foundation, you may have been surprised to learn that they contributed, in turn, to Planned Parenthood.

And, fourthly, the benefits provided may not deliver the help you expected. Not only that, but they may have made things worse.

So you may want to do some research regarding who delivers your gift to whom and how. It is for this reason, many choose to give local and to smaller, truly charitable entities.

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