NORWICH UNIVERSITY®


# End of Year Charitable Giving Strategies

Norwich University alumni are some of the most thoughtful and forward-thinking people in the world. It is likely due to the Norwich ethos *"service before self"* which is exemplified through their daily lives; leading by example. As you consider the causes you care about this holiday season, Norwich has some free resources to help you navigate those decisions. Below are some investor-savvy tips to consider for your end-of-year giving strategies, as well as some reminders of tax incentives that sunset at the end of 2021.

**1. Donate stock instead of cash.** If you have held stocks, bonds, or other appreciated assets for more than one year, consider donating the appreciated asset instead of cash. This allows you to eliminate the capital gains tax you would otherwise incur if you sold the assets first, and then donated the proceeds, potentially increasing the amount available for Norwich by up to 20%, rather than handing it over to Uncle Sam. For 2021 tax purposes, you may deduct up to 30% of your adjusted gross income for gifts of appreciated assets.

**2. Bunch your gifts.** If you find that the total of your itemized deductions for 2021 will be lower than the level of the standard deduction ($12,550 for single, $25,100 for married filing jointly), consider combining, also known as 'bunching' your 2021 and 2022 donations into one year (2021). You would itemize deductions on your 2021 tax returns, and take the standard deduction on your 2022 taxes. As a part of the CARES Act extended through 2021, you may deduct up to 100% of your adjusted gross income for gifts of cash only.

Keep in mind that donors seeking a 2021 tax deduction must have their gift received and processed by December 31, 2021, and some non-cash assets require additional processing time.

**3. Make a donation from your IRA.** Regardless if you plan to itemize your deductions or claim the standard deduction this year, if you are age 70½ or older, you can direct up to $100,000 per year tax-free from your IRA to Norwich through Qualified Charitable Distributions (QCD). By reducing your IRA balance, a QCD may also reduce your taxable income in the future, lower your taxable estate, and limit your IRA beneficiaries' tax liability. QCD requests generally should be initiated by early December at the latest to ensure processing is complete before the end of the year. Donor-advised funds, supporting organizations, and private foundations are not considered qualifying public charities.

**Tax Incentives that expire at the end of 2021:**

1. **$300 + Standard Deduction:** Individuals taking the standard deduction can claim an additional deduction of up to $300 for cash contributions directly to operating charities, while married couples filing jointly can claim up to $600. Note that CARES Act incentives are not applicable for contributions to donor-advised funds, supporting organizations, or private foundations.
2. **Lift on cap of deductions for cash gifts.** The CARES Act lifted the cap on annual gifts for those who itemize, increasing it from 60% to 100% of adjusted gross income for 2021. This applies to cash gifts only. Any excess contributions may be carried over to the next five years.

**For more information about any of the above topics, or other ways you can make a gift to support Norwich, please contact Megann O'Malley at (802) 485-2282 or momalley@norwich.edu. Please visit us online at Norwichgiftplans.org**