

Welcome!



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Ed Center



IMPACT OF TAX REFORM ON GIVING

An Interactive Panel Discussion



INTRODUCTIONS



- **Jeffrey B. Scheer, Esq.**

Chairman of the Board, *WCNY*

Business and Transactions – Trusts and Estates

Bond, Schoeneck & King PLLC



- **Peter A. Dunn, J.D.**

President & CEO

CNY Community Foundation



- **Kevin Nass, CPA**

Tax Partner

Fust Charles Chambers LLP

AGENDA

- Overview of Tax Reform Act
- Facts about the Tax Reform
 - How is this affecting tax planning?
 - How is this affecting estate planning
- Impact on charitable giving
- Case Studies
- Interaction with Panelists

OVERVIEW OF TAX REFORM

- During most of 2017, tax reform was being debated
- On December 22, 2017, the Tax Cuts & Jobs Act was signed into law
- **Major elements include:**
 - Corporate tax changes
 - Excise taxes on private universities and nonprofit compensation
 - Individual brackets / exemptions changed
 - Charitable deduction gone for seating rights at SU games!
 - No more health care individual mandate

FACTS ABOUT TAX REFORM

- Changes:
 - Reduction of tax rates for businesses and individuals
 - Increase in standard deduction
 - Limitation of personal exemptions
 - SALT and property taxes
 - AMT
 - Effect on alimony
- Will individuals and corporations really be paying less?

FACTS ABOUT TAX REFORM (CONT.)

- Changes:
 - Increase to Federal estate tax exemption, tax rate retained
 - Disconnect again with NY State estate tax exemption
 - Few taxpayers before, much fewer now subject to estate tax
 - Chained CPI
 - Considered removing step-up in cost basis at death (not part of the Act)
- Still need to consider other factors than estate tax
 - income tax, loss of competency, asset protection, family issues

IMPACT ON CHARITABLE GIVING

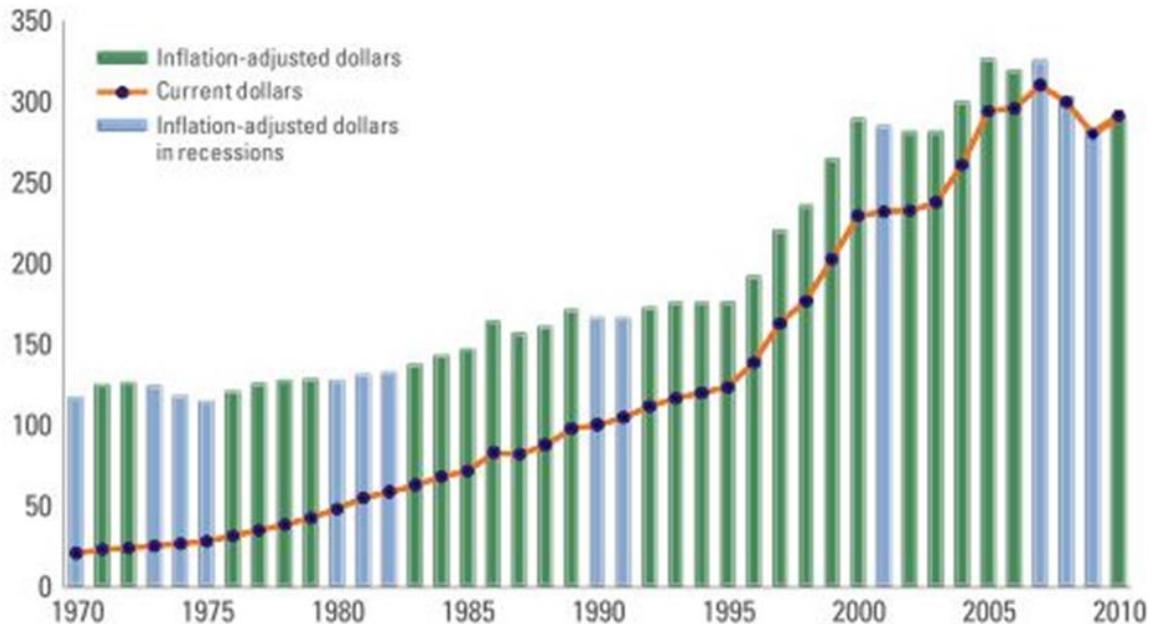
- What happened in previous tax reform in 1986?
- Not much changed for charitable giving rules
 - 60% of AGI for gifts to public charity (up from 50%)
 - Secondary affect of increased standard deduction (less itemizers) will have largest impact
- What still works?
 - Avoiding capital gains tax
 - Charitable IRA Rollover
 - Deferred gifts – increasing discount rate improving some of those
 - Estate Planning – still need to select best asset for charitable part of plan

IMPACT ON CHARITABLE GIVING

Giving USA: The Numbers

GIVING USA ESTIMATES

Total giving, 1970–2010
(in billions of dollars)



CASE STUDY: DONOR ADVISED FUND

- How a DAF works:
 - Make a gift to the DAF and receive an income tax deduction
 - DAF can receive cash, stock, mutual funds...
 - Recommend grants to qualifying organizations over time
- How many will use DAFs under the new tax code:
 - Increased funding in certain years
 - Increased amount in order to be over the standard deduction
 - Use standard deduction in intervening years
 - In years when donor uses standard deduction, most or all gifts will be made using the donor advised fund

CASE STUDY: CHARITABLE IRA ROLLOVER

- For your gift to qualify as a Charitable IRA Rollover:
 - You must be 70 ½ or older at the time of your gift
 - The transfer must go directly from your IRA to charity
 - Your total annual IRA gift(s) cannot exceed \$100,000
 - Your gift must be outright
- Key benefits of a Charitable IRA Rollover:
 - An easy and convenient way to make a gift from what might be one of your major assets.
 - It may allow you to sustain or even increase your giving as your cash-flow changes in retirement.
 - It is an exclusion from your gross income, i.e., a tax-free rollover.
 - Can count toward your required minimum distribution if completed by 12/31.

CHARITABLE IRA ROLLOVER

- WCNY's Charitable IRA Rollover "Icing on the Cake" Promo

Icing on the Cake

Are you at least 70½?

If so, you can make tax-free gifts directly from your IRA. Your gift to WCNY will never count as income but always make a difference.

Now that's really the icing on the cake!



CASE STUDY

- John Jones is a widower
 - Significant IRA assets
 - Owns homes in NY and FL
 - One child, three grandchildren – one is disabled
 - Makes annual charitable gifts
 - Hasn't reviewed his will in "a while"
- Donate Retirement Assets
- Income Tax Basis Planning
- Improved ABLE Accounts for Disabled
- Expanded Uses for 529 Accounts
- Review Formula Dispositions in Current Wills
- Disconnect of New York Estate Tax

ESTATE PLANNING

- WCNY's Estate Planning Guide "Ducks in a Row" Promo



NEXT STEPS

- Fewer taxpayers needing to itemize
 - Could reduce charitable giving by 5–10%
 - A tax deduction is not the only reason people give, but can impact decisions about size and timing
- What are we to do?
 - **Connect with your professional advisors**
 - See how your giving goals can be best achieved under the new law.
 - **Share your story**
 - Work with WCNY and the other organizations you care about to share why they are important to you. This may inspire others to give and grow giving in CNY.

Q&A

Questions?

CONTACT INFORMATION

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