



Year-end Tax Planning for 2018



Tax payers should anticipate some changes when they file their taxes 2018 federal income tax returns due to the significant changes included in the Tax Cuts and Jobs Act (TCJA). Although the changes took effect on January 1 of 2018, there is still time left in 2018 to explore year-end tax planning strategies. The following are items you may want to discuss with your tax or financial professional before the end of the year.

Staff members of the Presbyterian Foundation and New Covenant Trust Company, N.A. are available to assist you even through most of the holidays. We are open 8 a.m. to 5 p.m. (Eastern) each weekday (closed Christmas Eve and Christmas Day). We are open and available on December 31 until 5 p.m. (Eastern). Please reach out to us if we can assist you at 1-800-858-6127.

Required Minimum Distributions (RMDs)

A required minimum distribution is the amount that traditional, SEP or SIMPLE IRA owners and qualified plan participants must withdraw from their retirement accounts to satisfy IRS regulations. You generally have to start taking withdrawals from your account when you reach age 70½, with RMDs being recalculated on an annual basis thereafter. If you turned age 70 ½ during 2018, you have until April 1, 2019 to receive your 2018 RMD. If you have been required to take RMDs since 2017 or earlier, then you must receive your 2018 RMD by December 31, 2018. Penalties apply for noncompliance so make sure you take your RMD by the applicable date!

Qualified Charitable Distributions (QCDs)

The IRS defines a Qualified Charitable Distribution (QCD) as an otherwise taxable distribution from an IRA (other than an ongoing SEP or SIMPLE IRA). The IRA must be owned by an individual who is age 70½ or older and the distribution must be paid directly from the IRA to a qualified charity. In other words, a QCD is when IRA owners that are at least 70 ½ direct their IRA provider to send a check drawn from the IRA directly to a charity of their choosing. QCDs can lead to tax benefits, including having the amount of the QCD count towards the individuals RMD for the year.

Charitable Giving

Charitable deductions are still available for itemizers after the passage of the Tax Cut and Jobs Act. The Act did make two changes to the tax code regarding charitable giving. The code now allows a deduction of up to 60% of your adjusted gross income for cash charitable contributions (up from 50% in prior years). Furthermore, the Pease limitation was repealed. This limitation previously phased out as much as 80 percent of the benefits of charitable and other itemized deductions for higher income taxpayers. When combined, these two changes are especially helpful to charitably-minded, high-income earners.

Continue reading to explore some of the ways that you can achieve your charitable goals by working with the Presbyterian Foundation.

A Look Ahead to 2019

Certain aspects of the tax code, specifically allowable amounts, are updated on an annual basis. Here is a look at some of the updated amounts for 2019 that might affect your planning.

Adjustments for Retirement Accounts

Individuals may contribute more to their retirement accounts, as shown in the chart below:

Year	IRAs		Other Employer Plans (401Ks, etc.)	
	Annual Contribution	Catch-up Contribution*	Elective Deferral	Catch-up Contribution
2019	\$6,000	\$1,000	\$19,000	\$6,000
2018	\$5,500	\$1,000	\$18,500	\$6,000

* Individuals who are 50 years old and older can make an annual catch-up contribution beginning the year they turn 50.

Estate and Gift Tax

The estate and gift tax exemption will increase to \$11.4 million per individual. The annual gift exclusion amount remains the same at \$15,000.

Health Flexible Spending Arrangements (FSAs)

Employees can contribute \$2,700 to health FSAs, up from the 2018 limit of \$2,650.

Health Saving Account (HSAs)

You can contribute up to \$3,500 to an HSA if you have single coverage or up to \$7,000 for family coverage. If you're 55 or older anytime in 2019, you may contribute an extra \$1,000.



December 31: Make all 2018 gifts into your fund

It isn't too late to make a gift before year-end. The Presbyterian Foundation is able to assist you with the with the available gift options. We'll help you find the one that suits your needs as well as your desire to support mission.

To receive a charitable tax deduction for the 2018 tax year, ensure all gifts are completed by Dec. 31. Note that certain gifts require additional time to process. For more information, call 800-858-6127, option 2.

Types of Assets for your gift

Cash

This is the most common charitable gifts, and often takes the form of checks and electronic transfers. You may be eligible for both federal and state income tax savings.

Appreciated Securities

Appreciated securities, such as stocks, bonds, and mutual funds, are a great option for your charitable giving. Gifts of appreciated securities owned more than one year can provide you with additional tax savings since

you do not realize long-term capital gains and the current value, rather than your cost, may be reported as an itemized deduction.

Retirement Plans

Donors over 70 ½ years old can make Qualified Charitable Distributions (QCDs) directly from their IRA to their church or other public charities. Please call the Presbyterian Foundation for more details or talk to your financial advisor.

Gift Plans to Consider

Direct Gift

You can make a direct gift to your church through the Presbyterian Foundation. This is especially helpful for individuals that would like to make an anonymous gift to their church or those that would like to make a security gift to a church that does not have the capability to accept securities.

Donor-Advised Fund

Combine all your giving into one fund and you may receive an immediate tax deduction when you open the fund. You can then recommend grants from the fund throughout the year to your local congregation and all the ministries or charities that are close to your heart.

Endowment

The funds will provide a source of support to your church in perpetuity. Endowments are often used to create a memorial or legacy gift.

For more than two centuries, the Foundation has been serving the Presbyterian Church (U.S.A.) and individual Presbyterians in their desire to bring people and mission together. The Presbyterian Foundation and its subsidiary, New Covenant Trust Company, N.A., stand as an enterprise of hope and service, enabling Presbyterians to change the world with their accumulated assets in accordance with their Presbyterian values.



The Presbyterian Foundation and New Covenant Trust Company do not render legal, tax or other professional advisory services to individuals. As with any decision regarding legal and financial matters, we recommend you consult with our own independent professional advisor.



200 E 12th Street, Jeffersonville, IN 47130
800-858-6127 presbyterianfoundation.org