Strategies

A RESOURCE FOR THOUGHTFUL PLANNING

Somerset Health Care Foundation | Fall 2021

Good News for Givers

Back in December, another stimulus package was signed into law to help combat the far-reaching impacts of COVID-19. The law extended the charitable provisions that were enacted through the Coronavirus Aid, Relief and Economic Security (CARES) Act. That can be good news for givers!

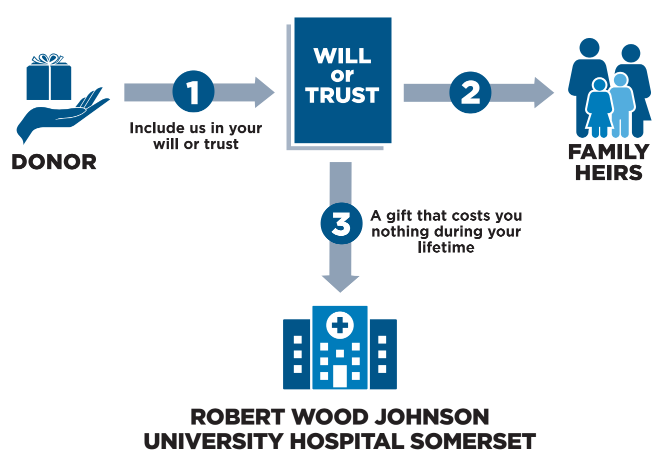
For those donors who do not itemize their federal income taxes, you may be eligible for an "above the line" deduction of up to $300 on gifts made to charity in 2021. Joint filers may be eligible for up to $600.

For those donors who do itemize, the 2021 charitable deduction limit for cash contributions by individuals has been suspended, allowing a donor to deduct cash charitable contributions up to 100 percent of adjusted gross income (AGI). The prior limit was 60 percent of AGI.

Your Will. Your Legacy.

The most popular way to create a charitable legacy is through your will. Known as a bequest, this forward-thinking gift has several potential benefits. Gifts, at any level, will have an impact on our future delivery of health services.

- **It's Simple**. Typically all it takes is one sentence in your will or trust.
- **It's Versatile.** You can leave a specific dollar amount, a percentage of your estate, or the remainder of your estate after providing for your loved ones.
- **No Immediate Cost.** Your gift will not affect your current cash flow and always allows you to maintain control of your assets.
- **Specific Impact.** Your gift can be designated to a specific area of interest such as cancer services or cardiology.
- **You Can Change Your Mind.** You can adjust or revoke your gift as circumstances may change.
- **All Gifts Matter.** Your family and other loved ones come first. But including the hospital in your plans, at any level, will make a difference to our future delivery of health services.



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Need to Know: Advance Directives

Advance directives are legal documents that assure that you will be cared for as you wish, when and if you are incapacitated.

There are two kinds of advance directives: instruction directives ("living wills") and proxy directives in which you designate a person with "durable power of attorney" to make decisions on your behalf. Many people choose to combine these two kinds of directives, stating their general preferences and designating an agent to make specific decisions.

Stating your wishes in writing may make it easier for your family members to fulfill their part in caring for you. Either through a "living will" or by appointing one of them to be the principal decision maker, you can ease their burdens at what may be a difficult time.

To decide what's right for you, begin a conversation with your physician or legal advisor.

Planning Tip!

All retirement plans encourage the owner to name a beneficiary. As situations may change, a best practice is to annually review your beneficiaries to ensure your intentions. Most plan administrators now allow beneficiaries to be updated on-line, in just a matter of minutes.

Do More with Your IRA

If you are $70^{1/2}$ or older, and have a traditional IRA, there is a tax-smart way to support your favorite charities. The IRS allows for a qualified charitable distribution that can provide you with personal benefits!

Benefits:

- IRA charitable gifts are excluded from gross income for federal income tax purposes.
- If 72 or older, transfers can count toward your required minimum distribution for the year in which you made the gift.
- Transfer up to $100,000 per year.

To qualify:

- You must be age $70^{1/2}$ or older at the time of gift.
- Transfers must be made directly from a traditional IRA account by your IRA administrator to a qualified charity.

Example:
Mary is 72 years old and wants to make a gift to cancer services. She has $500,000 in her IRA and authorizes her plan administrator to distribute $2,000 to the hospital. Because the IRA qualified charitable distribution is excluded from income, Mary will not be eligible for a charitable income tax deduction — but she still receives tax savings. The $2,000 distributed to the hospital will be counted toward her annual minimum required distribution and she will not pay income tax on the portion given to charity.

Impact together.

Contact us today for more information.

Write: Return the enclosed card for more information
Visit: rwjsomersetgiving.org
E-mail: Gregory.Ellmer@rwjbh.org
Call: Greg Ellmer at 973-322-4302

Intended as general information only. Please consult your own tax, legal, or financial advisor prior to making any gift.

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