



Freeport
High School
Scholarship
Foundation

Tax incentives to encourage charitable giving.

Federal economic stimulus legislation may affect your giving.

Congress has provided several economic incentives to help address the far-reaching effects of the COVID-19 pandemic, including additional tax incentives to encourage charitable giving. We would like to bring to your attention temporary tax rules for charitable giving enacted by Congress late last year as a part of the Consolidated Appropriations Act of 2021. Note that these incentives are temporary and are scheduled to expire at the end of 2021.

You may deduct gifts of cash to most public charities to offset as much as 100% of your income! For the 2021 tax year, you may deduct cash contributions to FHSSF and most other public charities to offset up to 100% of your income. Ordinarily, the income tax charitable deduction for cash gifts is limited to 60% of your income. This 100% limit allows especially generous donors to reduce their federal income tax to zero. If you are even more generous, you can carry forward unused cash contribution deductions for up to five years.

It may not be the tax-wise choice to deduct up to 100% of your income. Because federal income tax rates are progressive, it is not a given that it will be to your advantage to deduct 100% of your cash contributions. Check with your financial or other advisors to determine whether the 100% deduction makes sense for your specific circumstances.

If you don't itemize you may reduce your taxable income by \$300 for your charitable contributions in 2021. If you do not itemize your deductions, you can reduce your taxable income by up to \$300 (or \$600 for married couples filing jointly) for contributions of cash to public charities.

Qualified charitable distributions are still a great way to make contributions if you are 70½ or older. A qualified charitable distribution ("QCD" or "IRA charitable rollover") allows you to make a tax-free gift of up to \$100,000 to FHSSF from your IRA if you are 70½ or older. A qualified charitable distribution is a great way to make tax advantageous contributions, especially if you don't itemize your deductions.