THE TAX CUTS AND THE JOBS ACT OF 2017:
WHAT IT MEANS FOR DONORS

In light of The Tax Cuts and Jobs Act of 2017, donors might have questions about how the recent tax code changes affects their charitable giving. The table below highlights these new charitable opportunities and considerations for donors.

Important Opportunities

<table>
<tr><th>THE CHANGE</th><th>WHAT IT MEANS FOR DONORS</th></tr>
<tr><td>Standard Deduction Doubled (IRC §63)
$24,000 for Married Filing Jointly
$12,000 for Individuals</td><td>Charitable giving just got easier for those that will no longer itemize their deductions.
The increased standard deduction means donors may receive the same or greater tax benefit as they would have received for their charitable gifts in prior years but without the extra steps necessary to substantiate and claim the deduction on their federal tax return.
Planning to take the standard deduction?
Gifts of appreciated publicly-traded stock become more important because donors avoid the capital gain tax upon sale, thus reducing taxable income the donor would have recognized.
Also consider “bundling” giving into one year, itemizing in that year, and claiming the increased standard deduction in the following years.</td></tr>
<tr><td>Charitable IRA Rollovers (Qualified Charitable Distributions, QCD)
No Change</td><td>The Charitable IRA Rollover (QCD) is still available for donors who are older than age 70 1/2 and subject to Required Minimum Distribution (RMD), but now it will be even more enticing to some donors.
Qualifying individuals may transfer up to $100,000 (annually) from their IRA directly to charity and have the distribution count towards their RMD.
The QCD is reported as non-taxable income on the federal tax return.
1st Benefit: The QCD does not increase Adjusted Gross Income (AGI) where the RMD would have.
2nd Benefit: The QCD is not an itemized deduction; thus, it’s an additional benefit to both itemizers and those taking the increased standard deduction.
As a public charity the UF Foundation may accept QCDs, whereas Donor Advised Funds (DAFs) and supporting organizations cannot.</td></tr>
<tr><td>Increased Charitable Deductions Allowed
From 50% to 60%
Cash gifts to public charities deductible up from 50% to 60%of AGI (IRC §170(b)(1)(G))</td><td>“Bundling” Charitable Giving
Large tax event? The 60% deduction limit allows a larger deductible gift to be “bundled” into a contribution in one year instead of making pledge payments over multiple years.
Won’t normally itemize? Bundle charitable giving into one year, itemize in that year, and claim the increased standard deduction in the following years.</td></tr>
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Other Opportunities

With these charitable opportunities in mind, we've identified a few caveats for donors, and their advisors, to consider as you navigate the tax code.

THE CHANGE	WHAT IT MEANS FOR DONORS
Net Investment Income Tax (NIIT) Retained (IRC §1411)	**Certain taxpayers will continue to be subject to the 3.8% NIIT, whereas public charities are not.** • Giving appreciated, non-cash assets to the University of Florida allows the donor to give more to charity, as opposed to selling the asset, paying the associated taxes, and giving the remaining cash.
Pease Limitation Suspended (IRC §68(f))	**Removing this barrier may provide an incentive for certain taxpayers to make additional charitable gifts annually (or remove a disincentive at the very least).** • Historically the Pease limitation reduced itemized deductions of high-income taxpayers. The limitation affected donors' charitable deduction if they had low, non-charitable deductions or lived in states with no income tax, such as Florida. The 2017 tax legislation removed the Pease limitation and will help higher income donors deduct more of their charitable contributions.
Estate Tax Exemption Level Doubled • $11.2 million for individuals • $22.4 million for married couples • Exemption levels are scheduled to increase with inflation each year until 2025	**The doubling of the estate tax exemption affects a very small number of donors. In 2017, only 1 out of 500 estates owed any estate tax. Therefore, the change likely won't significantly affect many donors' motivation to make estate gifts.** • There are other tax implications donors may consider when making estate gifts to charitable organizations. • Retirement accounts and other assets often will be subject to income taxes when distributed to heirs, while other assets may transfer tax free to loved ones through a "step up" in the basis of those assets at death. With planning, donors can transfer certain taxable assets to charity and maximize the amount of money that goes tax free to loved ones.

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