

FOUNDATION FUNDAMENTALS



by Milford Jenkins, Angus Foundation

Positives and negatives

Of high interest to those of us involved in the beef cattle and agriculture industries, as well as the fundraising profession, were the final details of the Tax Cuts and Jobs Act (TCJA) of 2017 enacted into law this past December.

The impact, positive or negative, on charitable giving to 501(c)(3) not-for-profit organizations, including your Angus Foundation, remains to be seen. A bittersweet victory through 2025, however, was achieved for most farm and ranch families with its passage.

Estate taxes and deductions

Leading the list of positives, from a succession and estate planning standpoint, the win for us farmers and ranchers was the doubling of exemption levels for federal gift, estate and generation-skipping taxes to \$11.2 million per individual and



\$22.4 million per couple.

Great-grandparents, grandparents and parents can rest a little easier knowing if they were to pass away during this time frame, the farm and ranch operations they've invested their entire life's work building for the next generation can be kept intact without heirs having to liquidate property vital to the family's enterprise just to pay federal and/or state inheritance taxes. Keep in

mind, though, this isn't permanent repeal of the estate tax. Short of Congressional action, the law will sunset in 2025, reverting back to the \$5-million exemption level.

Another encouraging positive of the TCJA, according to the Sharpe Group's *The Impact of the Tax Cuts and Jobs Act of 2017 on Charitable Giving* whitepaper of Jan. 24, 2018, "The good news is that the basic form of the charitable deduction emerged virtually unscathed, and its benefits are expanded for some donors."

The *Journal of Accountancy* states, "The act increased the standard deduction through 2025



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for individual taxpayers to \$24,000 for married taxpayers filing jointly, \$18,000 for heads of household, and \$12,000 for all other individuals.”

Continuing on the positive side of the ledger, maintained in the TCJA was the IRA Rollover (Qualified Charitable Distributions). A charitable giving strategy you’ve read about in my columns in past years, the IRA Rollover provides those individuals 70½ years of age to make tax-free gifts up to \$100,000 per year from their IRAs to charities of their choice, like your Angus Foundation.

An added bonus feature is if both spouses meet the age requirement, up to \$200,000 can be transferred from their IRA directly to the charity to support the cause(s) they’re passionate about, like the Angus breed.

Possible negatives

However, a study by the Lilly Family School of Philanthropy at Indiana

University last spring wasn’t favorable, predicting “overall giving could decline between 1.7% and 4.6%, or about \$5 billion to \$16 billion, as a result of doubling the standard deduction.”

Comfort, however, for 501(c)(3) not-for-profit organizations is found as Sharpe’s aforementioned white paper further points out, “For those who will no longer itemize deductions because of the expanded standard deduction and other factors, many will find their overall income tax bill will be reduced under the new tax law, and they will enjoy increased discretionary income that can be spent, saved or donated to charity.”

Ask a professional

Educating ourselves about how the new tax law’s rules and regulations will affect our farming and ranching operations, and our charitable giving, 2018 through 2025 is important. For

information on charitable giving, *IRS Publication 526, Charitable Contributions* is an excellent resource.

Through 2018 and beyond, regardless of the tax rules and regulations in place, your Angus Foundation encourages you to experience the joy of giving to your church, alma mater or other charity of your choice that holds a special place in your life.

Where there’s a will, there’s a way!



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