

## End of Year Tax Tips from Lifeworks - 2022

Every year, Americans open their hearts in November and December and give generously to nonprofits they care about. Our government supports this practice through tax deductions. However, since the Tax Cuts and Jobs Act in December of 2017, some of us find that itemizing brings up questions!

What can we do to make sure that our charitable contributions impact our taxes?

Here are a few tips Lifeworks has put together from tax experts:

- **Universal deduction.** The Universal Charitable Deduction of \$600 for married couples filing jointly and \$300 for individual taxpayers expired at year-end: December 31, 2021. **However, it's anticipated that later this year Congress will reinstate the deduction for all of tax year 2022.** The Universal Charitable Deduction will likely be included in a package of tax provisions, a so-called package of "tax extenders."
- **Itemized deductions.** If you are seeking a Schedule A charitable deduction for gifts of \$250 or more, you must get a written acknowledgment from the charity stating (1) the amount of any cash donation and a description (but not value) of any donated property, and (2) whether the charity gave you any goods or services in return for your contribution. (*Lifeworks provides this information automatically when you make a gift.*) There are other requirements that need to be satisfied, so make sure you read the Schedule A instructions carefully and review with your preparer before claiming a charitable deduction.
- **Combine two years of deductions!** Some donors may find that the total of their itemized deductions for 2022 is just slightly below the level of the standard deduction. You could choose to bundle your 2022 and 2023 gifts into (2022), itemize those deductions your 2022 tax returns. In 2023, you can take the standard deduction.
- **A qualified charitable distribution (QCD) from an IRA** is one of the most tax-advantaged ways to give because it avoids tax that would otherwise be due on the distribution. If you have an IRA and are age 70 1/2 or older, consider making a QCD directly to a public charity. Qualified charitable distributions count towards, but are not limited to, your annual required minimum distribution (up to \$100,000 per year, per IRA owner).
- **Naming Lifeworks as a beneficiary.** You can support the future of Lifeworks and reduce your tax burden by designating Lifeworks as the beneficiary of a retirement account. Tax-deferred retirement assets are subject to income tax and possibly estate tax if left to individuals. However, these assets pass tax-free if left to charity, so the full value of your gift will support the causes you care about.

Lifeworks recommends that you work with a Certified Public Accountant or other tax expert when determining what is right for you!

If you have questions, please contact Lori-Anne or Nikki at [giving@lifeworks.org](mailto:giving@lifeworks.org) or call 651-587-4267!

For more information, the IRS has a helpful website at <https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-contribution-deductions>