McLaren
NORTHERN MICHIGAN
FOUNDATION

Make your contributions count!

Strategies to accomplish your charitable goals after the new tax law.

Prepared for McLaren Northern Michigan Foundation by:

Mike Nuorala, CPA

Owner | Klepadlo, Winnell, Nuorala, P.C.

Mike is one of three managing partners of a Petoskey-based accounting firm that delivers services for a range of clients from individuals to multi-million dollar companies. In addition to his role with KWN, Mike has served as the board Chair for McLaren Home Care and Hospice since 2010.

As a teenager, I witnessed my mother, a nurse, caring for residents at a nursing home and I was struck by the power of human touch. The impact of those encounters has never left me. As a result, my family and I have made it a priority to give back to those in need and support our community in a number of ways.

Since 2010, I have had the privilege of serving on the board of McLaren Home Care and Hospice, an organization that provides crucial services to area residents. Many of these services are only possible with a dedicated group of volunteers and charitable support. As a Nurse Practitioner and a nurse with McLaren Northern Michigan, my wife is dedicated to providing comfort and care for her patients. And, in their high school years, our daughters served on a local nonprofit board that encouraged young people to learn about and address community needs.

While donations of time or unique skills are a wonderful way to make an impact, financial support allows a charitable organization to further its mission. In addition to feeling good about making a difference where it is most needed, donors who itemize their taxes have traditionally received a tax benefit for their charitable donations. However under the current law, according to the "Tax Foundation," only 13.7% of taxpayers are expected to itemize for 2019 compared to approximately 31% who were eligible under pre-Tax Cuts and Jobs Act (TCJA) tax law.

Charitable giving is important whether or not a tax deduction is received. The good news is there are still ways to make your donations count for tax purposes even if you haven't reached the age at which you can use your IRA Required Minimum Distributions to make Qualified Charitable Distributions.

- **Bunching donations.** "Bunching" is simply combining multiple years worth of donations into one tax year to exceed the standard deduction and receive a tax benefit.
- **Creating a Donor Advised Fund ("DAF").** This strategy might be considered in conjunction with bunching or in consideration of a truly long-term (multi-year or even multi-generational) gifting strategy. You make a large donation(s) to a DAF using cash, securities, or other assets, and then the fund can be used in future years to make all (or a portion) of your annual gifts. Note that you only receive a tax deduction when funds are added to the DAF. A DAF can grow over time and may accomplish long-term charitable goals such as legacy gifting.
- **Gifting with appreciated stock.** This is an efficient way to make large gifts as you can generally receive a deduction for the current fair market value of the gifted stock (if the value of the stock is high enough to help exceed the standard deduction) and you also **do not** have to pay tax on the unrealized gain. When stock is donated, you avoid paying tax on the capital gain that you would have paid if you had sold the stock.

Receiving a tax deduction for a gift makes the net cash outlay lower and can ultimately allow you to make a larger gift! Working together with your tax/financial advisor, your attorney, and your Gift Officer, you can explore all of the options that are available. I encourage you to consult with your advisors before implementing any or all of these strategies to find out if they are applicable to your personal situation.

To learn more about how you might include a gift for McLaren Northern Michigan Foundation using one of these strategies, please contact a member of the development team at McLaren Northern Michigan Foundation office at 231-487-5020.