

WAYS TO GIVE TO ABILITY CONNECTION COLORADO

www.AbilityConnectionColorado.org

CARES ACT (The Consolidated Appropriations Act, 2021 extended the change for 2021.)

For the 2021 tax year, you can deduct up to **\$300** of cash donations **per person** without having to itemize, meaning a married couple filing jointly could deduct up to \$600 of donations without having to itemize. This is called an "above the line" deduction. For more information, see "[Expanded tax benefits help individuals and businesses give to charity in 2021](#)" at the IRS website.

How much can I deduct?

Good news! In 2021, thanks to the CARES Act, you can deduct up to 100 percent of your adjusted gross income. In 2019, that number was only 60 percent. And if you're wondering if you can reach that 100 percent mark using your donor advised funds (DAF), the answer is yes... IF 60 percent of your charitable contributions are cash given to your DAF and IF the remaining 40 percent is given to the charity as cash.

Your other option is to give 20 percent in cash to your Donor Advised Fund (DAF), 30 percent in appreciated assets, and 50 percent in cash directly to the charity. IRS Publication 526 has the details.

- The limit applies to all donations you make throughout the year, no matter how many organizations you donate to.
- Contributions that exceed the limit can often be deducted on your tax returns over the next five years — or until they're gone — through a process called a carryover.
- For the 2021 tax year, you can deduct up to \$300 per person rather than per tax return, meaning a married couple filing jointly could deduct up to \$600 of donations without having to itemize.
- The CARES Act eliminated the 60% limit for cash donations to public charities.

IRA GIFTS

In 2021, you can make deductible investments of up to \$6,000 in an IRA or \$7,000 if you're 50 or older. Maxing out this account allows you to take full advantage of the tax savings Uncle Sam provides to build a secure future in your later years. It can also go a long way toward giving you the financial security you deserve as a retiree.

If you are 70 1/2 or older, you can make a Qualified Charitable Distribution (QCD) from your IRA up to \$100,000 directly to Ability Connection Colorado. You can help the at-risk individuals served by Ability Connection Colorado and potentially receive a tax benefit.

A donation transferred directly from your IRA to a qualified charity like Ability Connection Colorado is generally not considered taxable income on your federal income tax return. As always, we recommend that you contact your plan administrator or professional advisor to determine if this type of gift is right for you.

For more information, please call (303) 691-9339 to speak to Judy Ham Ability Connection Colorado's President/CEO.

COLORADO CHILD CARE CONTRIBUTION TAX CREDIT

When you or your business contributes funds to promote and develop child care activities, you can get a 50% Colorado Tax Credit, in addition to your regular state and federal contribution deductions. A contribution to **Ability Connection Colorado's CREATIVE OPTIONS for Early Childhood Education program** qualifies for the tax credit. Please consult with

your tax advisor for more information. You will also be able to claim your contribution as a charitable deduction on your Federal and State income tax returns if you itemize deductions.

Example: Based on a \$500 gift, if a donor itemizes (32% tax bracket), then the Out of Pocket Cost to the donor is \$154. If the donor takes the Standard Deduction, the Out of Pocket Cost to the donor is \$227.

Additional information from the State of Colorado:

- Only monetary donations are eligible.
- Donors may not receive any goods or services in exchange for their contribution.
- The maximum credit in any one year is \$100,000.
- The credit allowed shall not exceed the tax liability for the year. Any excess credits may be carried forward for up to five additional tax years.
- Ability Connection Colorado will provide you with the DR 1317 Childcare Contribution Credit Certification in 2021 for your 2021 tax filing.

DEPRECIATED STOCK

Sell depreciated stock and donate the cash proceeds to Ability Connection Colorado. You will receive a charitable deduction as well as a capital loss benefit on the sale of stock. Capital losses offset capital gains, and the maximum net capital loss in any tax year is \$3,000 for a married filing joint taxpayer (\$1,500 for all other taxpayers). Any unused capital losses are rolled over to future years.

For other ways to donate (Planned and Legacy Giving, Workplace Giving, and Car Donations etc.) to Ability Connection Colorado, please contact Judy Ham at (303) 691-9339 or email jham@abilityconnectioncolorado.org