



SAVVY WAYS TO SUPPORT LA JOLLA PLAYHOUSE IN 2020

Discuss your options with your tax advisor.

CARES ACT GIVING INCENTIVES FOR 2020!*

1. Deduct \$300 without itemizing

This year only (for gifts made by December 31, 2020)! You can deduct \$300 of charitable gifts without itemizing. The \$300 limit is one per tax filing unit. (So, married couples filing jointly don't get \$600.) This must be a cash gift paid to an operating nonprofit. (Gifts to or from a donor-advised fund are not eligible.)

2. Deduct up to 100% of your adjusted gross income

This year only! You can deduct up to 100% of your adjusted gross income using charitable gifts of cash. These gifts must go to an operating nonprofit. (Gifts to or from a donor-advised fund are not eligible.)

3. Corporate support

Corporations may now deduct for charitable giving up to 25% of their taxable income. This is an increase from the previous 10%. Engage your company as a Corporate Circle Sponsor (starting at \$2,500). Lots of great benefits available!

4. IRA gifts @ age 55 - 70½

IRA withdrawals (for donors in this age range) create no penalties. But they are taxable. However, this year cash gifts can be deducted up to 100% of income. If you are already itemizing deductions, this can help offset the tax impact from an IRA withdrawal.

*La Jolla Playhouse would be honored to receive your CARES ACT gift by December 31, 2020!

Additional Ways to Support

- **Donate a gift of stock or securities**

Avoid paying capital gains tax when you make a gift of stock or securities to La Jolla Playhouse. To get started, we will provide you with stock transfer instructions and the contact information for our representative at Merrill Lynch in La Jolla. Once the transaction is complete, you will receive a tax receipt from us containing the transaction details. (We offer the average on the date the stock is received.)

(cont'd)

- **Make IRA gifts @ age 70½ +**

IRA accounts have no required minimum distribution (RMD) in 2020. But those age 70½ or older can still make gifts directly from an IRA to a nonprofit up to \$100,000. This gift donates pre-tax dollars. The earned income is never taxed because it is given directly to La Jolla Playhouse.

- **Bunch gifts with a donor-advised fund**

The 2018 tax law created much higher standard deductions. Fewer people can use charitable deductions because they aren't itemizing. One way around that is to "bunch" charitable gifts.

Example: A donor puts five years' worth of donations into a donor-advised fund. The donor takes a tax deduction for the entire amount in that year. Because the deduction is so large, the donor itemizes in that year. In later years, the donor makes gifts to charities (including La Jolla Playhouse) from the fund. This creates no tax deduction. But in those years, the donor takes the standard deduction instead of itemizing. Pro-tip: ask your donor-advised fund to schedule annual contributions to your favorite charities, so your giving stays consistent and on time each year!

- **IRA beneficiary v. gift in a will**

Many people like to include a charitable gift in their will to support a cause that has been important in their lives. One tax-smart strategy is to leave part of an IRA, 401(k), or 403(b) account to a nonprofit. (It's easy to change account beneficiaries by contacting the financial institution.)

Why is this smart? Because heirs pay income taxes on this money. Starting this year, heirs (except spouses) must take out all funds (and pay taxes) within ten years of inheriting. But any part left to a nonprofit avoids these taxes. So, if you are including La Jolla Playhouse in your legacy plans, consider using these accounts first.

Questions?

Remember: The above is for informational purposes only. These are just a few ideas to discuss with your financial or tax advisor. They may not apply to your situation. These insights are courtesy of Russell James, J.D., Ph.D., CFP®

La Jolla Playhouse is a tax-exempt organization under section 501(c)(3) of the U.S. Internal Revenue Code. Your gift is fully tax-deductible as a charitable contribution to the extent allowed by law. Tax ID 95-1941117

To learn more or make your gift, contact:

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