

# SAVVY WAYS TO SUPPORT LA JOLLA PLAYHOUSE IN 2021

Discuss your options with your tax advisor.

## CARES ACT GIVING INCENTIVES FOR 2021!\*

### **1. Universal Charitable Deduction**

The universal charitable deduction has not only been extended, but given a well-deserved upgrade. **The new deduction is \$300 for single filers and \$600 for married couples filing jointly.** Normally you'd have to itemize deductions to write off charitable contributions, but this is available as an above-the-line deduction to taxpayers who take the standard deduction. This must be a cash gift paid to an operating nonprofit. (Gifts to or from a donor-advised fund or stock gifts are not eligible.)

### **2. Deduct up to 100% of your Adjusted Gross Income**

For those who itemize deductions, you can deduct cash contributions up to 100% of your adjusted gross income (AGI). These gifts must go to an operating nonprofit. (Gifts to a donor-advised fund are not eligible.)

### **3. Corporate Support**

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

\*La Jolla Playhouse would be honored to receive your CARES ACT gift by December 31, 2021!

## 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 of the share price on the date the stock is received.)

- **Make IRA gifts @ age 70½ +**

The Setting Every Community Up for Retirement Enhancement (SECURE) Act was enacted on January 1, 2020. Donors age 72 (or those born BEFORE July 1, 1949) have required minimum distributions (RMD) to consider. Those age 70½ or older can make a qualified charitable contribution (QCD) 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 arrives on time each year!

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

Many people like to include a charitable gift in their estate plan 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. 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.

Special note: If you include La Jolla Playhouse in your legacy giving plans, please notify us to ensure that your gift is used as you intend. All donors who have us included in their estate plans are offered complimentary membership in The Revelle Legacy Society.

## 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®*

**To learn more or make your gift, contact:**

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La Jolla Playhouse (Theatre and Arts Foundation of San Diego) 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.

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