

Estate Planning Update – 11.10.21

Section 1.01 Here When You Need Us

Throughout the pandemic, our team has collaborated to implement creative and resourceful solutions to meet the needs of our clients in this uniquely challenging time. While our Chambliss Conference Center is open for scheduled in-person meetings, we continue to be available to meet virtually, as well.

Please do not hesitate to contact us if we can assist you with your elder law, special needs planning, or estate planning needs.

— Dana, Greg, and your Chambliss team

Section 1.02 It's Not Too Late to Designate Your 2021 Charitable Contribution

By: Rachel Ragghianti, CPA

“What you’re supposed to do when you don’t like a thing is change it. If you can’t change it, change the way you think about it. Don’t complain.” – Maya Angelou

I wish I had answers to some of life’s most complex questions, such as, “what’s the best way to appropriately tax citizens while responsibly funding a government?”. Taxes are a hot-button topic, and, as a tax practitioner, I am in a unique position to have some interesting conversations with people about how they view their tax bill. In the last few weeks surrounding the extended October 15 tax deadline, I heard “the government needs my money more than I do” all the way to “they don’t even know what to do with any of my money up there.” Of course, the truth is somewhere in the middle, but the definition of the middle will vary from person to person.

These conversations kicked my creative side (don’t laugh, accountants can sometimes be creative!) into high gear, especially for figuring out what I can do to help with year-end tax planning to give clients more say in how their income is used for the benefit of individuals in their community or the common good.

Taxes are a function of your income less your appropriate deductions — either standardized or itemized. The standardized deduction is precisely that — a standardized number used on tax returns nationwide based on your filing status. Because the deduction is standardized, you don’t have much say in the calculation of your overall tax bill. However, for 2021 only, if you use the standard deduction, you can take advantage of the “above the line” deduction of up to \$600 for married taxpayers (\$300 for other filing statuses) for qualified charitable contributions. The “above the line” deduction directly reduces your taxable income and thus your total tax bill while also benefiting a charity of your choosing!

Itemized deductions are primarily a function of medical expenses, state and local taxes, mortgage interest, and **charitable contributions**. The first items in this list are either limited (medical and state and local taxes) or related to your mortgage, so taxpayers don’t have a lot of say in how those deductions impact their tax return. Charitable contributions, however, provide a wonderful opportunity for those who are financially able and willing to decide and

directly influence how their funds are spent within society — rather than letting the government collect taxes on the income and then allocate the government revenue how they see fit.

In particular, larger than normal charitable contributions are a great consideration for the 2021 tax year if you're itemizing your deductions. In 2021, amounts up to 100% of annual gross income (AGI) may be deducted, essentially taking your tax liability to zero. This 100% deduction is one of my favorite charitable giving tax benefits from the CARES Act of 2020, especially for taxpayers who itemize deductions on Schedule A. If you are in this category, this adjustment means that you have the possibility of using your charitable contributions, giving to organizations you care about and believe in, to reduce your adjusted gross income to \$0 in 2021! In a normal year, the cash charitable contribution deduction is limited to 60% of your AGI. For purposes of the expanded 2021 giving thresholds, qualified charitable organizations do not include donor-advised funds or private foundations.

Examples of qualified charitable contributions include:

- Cash donations to 501(c)3 nonprofits – aka public charities
- Cash donations and tithes to churches and religious organizations
- Cash donations to veterans' organizations

So, are you interested in increasing your cash giving but need ideas? Think about what causes are important to you, whether they relate to children, the arts, animals, the environment, or other areas. Some of my personal favorite local charities include [Chattanooga Area Food Bank](#), [Chattanooga Community Kitchen](#), [Girls Inc. of Chattanooga](#), [Hospice of Chattanooga](#), [Northside Neighborhood House](#), and [Reflection Riding](#).

For those of you who receive required minimum distributions from your retirement accounts, please reach out to your tax preparer to discuss qualified charitable distributions (QCDs). QCDs are another valuable planning tool to help minimize your tax liability and are worthy of their own future update. You can also [read about IRA QCDs on our website](#).

If you are inclined to increase your charitable giving in these last few weeks of 2021, I encourage you to reach out to your tax advisor to learn more about the possible tax benefits. Or, if you are looking to make charitable gifts this holiday season in accordance with your estate and tax plans, our [estate and tax team](#) is ready to assist you!

Estate Planning Resources

In 2022, Social Security Beneficiaries Will See the Biggest Increase in 39 Years

The year was 1983: The U.S. invaded Granada. A gallon of gas cost 96 cents. Michael Jackson's 'Thriller' video premiered. That year was also the last time that Social Security recipients saw a cost-of-living increase steeper than the one just announced for 2022. This year, Social Security benefits will rise 5.9%, the sharpest upsurge since 1983's 7.4% jump...

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Hiring a Caregiver: Should You Employ One Yourself or Go Through an Agency?

Most seniors prefer to stay at home as long as possible rather than move into a nursing home. For many families, this means eventually hiring a caregiver to look after an aging relative. There are two main ways to hire someone: directly or through a home health agency...

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Also check out...

[Decisions to Make for Your Power of Attorney](#)

A power of attorney may seem like a simple document, but there are several important decisions that need to be made when creating one. From whom to appoint to what powers to grant, care and consideration should be put into each choice. Read the [full article](#) for more information.

["New and Improved" Tax Deductions for Parents of Children With Special Needs](#)

Unique tax benefits are available to families who have children with special needs. And thanks to recent changes in the tax code, there are opportunities to save substantial amounts of money at tax time. Read the [full article](#) for more information.

[Morgan's Wonderland Camp Unveils Accessible Outdoor Activities](#)

The minds behind the Morgan's Wonderland theme park showed how outdoor activities like zip lining and horseback riding will be accessible to campers of all abilities. Learn more about this 102-acre camp in San Antonio, Texas, by visiting their [website](#).

[Social Security to Expand Relief for Surviving Same-Sex Partners and Spouses](#)

Following developments after two court rulings in a pair of class action lawsuits, the Social Security Administration (SSA) agreed to expand the scope of survivor benefits for same-sex spouses and partners. For details, please read [Justice in Aging's update](#).

[COVID and Multisystem Inflammatory Syndrome in Children \(MIS-C\)](#)

While COVID-19 is more likely to cause severe illness in adults, it is possible for it to also affect children. Although rare, one of the most concerning results of the infection is Multisystem Inflammatory Syndrome in Children or MIS-C. For more information visit the [KidCentral TN website](#).

Just for Fun

The Chatterry Announces Arts for Older Adults Program

[The Chatterry](#) recently announced their Arts for Older Adults program, which features free workshops for anyone aged 65 or older. Workshops range from watercolor painting to fiction writing.

November and December workshop dates and subjects are as follows:

- Tuesday, November 16, 11 a.m. to 1 p.m. ET: Introduction to Writing Fiction
- Friday, November 12, 12 to 1 p.m. ET: Abstract Painting for All
- Friday, November 12, 3 to 4 p.m. ET: Watercolor Painting – River Sunset
- Sunday, November 14, 2:30 to 4:30 p.m. ET: Modern Art Collage
- Wednesday, December 1, 9:30 to 11 a.m. ET: Chalkboard Lettering 101
- Friday, December 10, 3 to 4 p.m. ET: Watercolor Painting – The Secret Life of Plants
- Sunday, December 12, 2:30 to 4:30 p.m. ET: Memory Keeping – The Celebration Banner
- Tuesday, December 14, 12 to 1 p.m. ET: Abstract Ornament Painting

Classes are hosted via Zoom. Supplies are provided for workshops that require them and will be available for pickup, drop off, or mailed for those who register.

Source: thechatterry.org