

Three questions to ask your advisor about “bunching” this tax season:



Tax time is here, and this year, we have a new tax code to navigate. Though the exact effects of the new code may vary by tax payer, one thing is certain: the federal standard deduction doubled. For the vast majority of tax payers, this eliminates the need to itemize deductions - even charitable deductions.

But you believe giving generously and with a joyful heart matters.

With a tax strategy called “bunching,” you can still support your favorite charities (Catholic and others) **and** receive a tax benefit. Here’s how: you make 2-3 years’ worth of charitable contributions in a single tax year, essentially frontloading your donations in order to exceed the standard deduction and itemize instead. Then, during the following years you simply take the standard deduction.

”Bunching” gets better with a donor advised fund at the Catholic Foundation.

Your gift into a donor advised fund at the Catholic Foundation is immediately tax deductible, because we are a nonprofit. Then the money is available for you to make grants on your own timeline. This way, you can still provide your favorite charities with stable, ongoing support **and** see the tax benefits from “bunching.” As an added bonus, the money in your donor advised fund is invested and grows tax free, maximizing your giving.

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When you sit down with your tax preparer, find out whether bunching makes sense for you. Here are three questions to ask:

1. Is itemization a possibility for me in the coming year? What qualified deductions can I anticipate?

2. Is "bunching" right for me?

3. From a tax perspective, which of my assets would be best used to open a donor advised fund with the Catholic Foundation?
