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## Election Update: Should Charitably-Inclined Clients Consider Accelerating Their Charitable Giving?

Donors planning their year-end charitable giving may want to consider the potential impact of President-elect Donald Trump's tax plan on the income tax charitable deduction. If the Trump plan were adopted as proposed, the value of the charitable deduction for top earners would be diminished. Specifically, the plan would:

- Reduce the tax rates on ordinary income (including a decrease of the top rate from 39.6 percent to 33 percent), eliminate the 3.8 percent tax on net investment income, and reduce the tax rate on business income from partnerships, LLCs and other pass-through entities to 15 percent. Lower tax rates would reduce the value of the charitable deduction.
- Limit itemized deductions to \$200,000 for joint filers and \$100,000 for single filers. Taxpayers who take significant deductions, for example for state and local taxes or medical expenses, would have little or no income tax incentive to give to charity.
- Raise the amount of the standard deduction to \$15,000 for individuals and \$30,000 for married couples, meaning that fewer taxpayers will need to itemize charitable and other deductions.

What do these proposals mean for charitably-inclined taxpayers? Donors who have already pledged gifts to charity may wish to fulfill those pledges by the end of 2016. Likewise, those who are considering committing funds to charity, whether directly, through a private foundation or through a donor-advised fund, may wish to accelerate their plans rather than waiting until next year. If you think that accelerating your charitable giving may help reduce your income taxes, you should contact your tax adviser as soon as possible.