

donation. If you give \$500 to a charity but receive concert tickets worth \$200, your deductible amount is only \$300.

How much can you deduct? The IRS limits charitable deductions based on your adjusted gross income (AGI). For cash donations to public charities, you can typically deduct up to 60% of your AGI. If you donate stocks or other appreciated assets you've held for more than a year, the limit is generally 30% of your AGI.

If your donation exceeds these limits in a single year, you can carry forward the unused portion for up to five years.

What to donate. Think strategically about what you donate. While cash is easiest, donating appreciated stocks can provide additional tax benefits since you avoid paying capital gains taxes on the investment's growth.

Keep good records. Documentation matters. For donations under \$250, a canceled check or receipt works fine. Cash donations of \$250 or more need written acknowledgment from the charity. For larger non-cash donations of property exceeding \$5,000 in value, the IRS requires a qualified written appraisal. Keep these records with your tax documents in case the IRS requests proof. See IRS Publication No. 526 and No. 561 for information on charitable contributions and valuing donated property.

The bottom line: Charitable giving may start with your heart, but understanding the tax implications helps you give more effectively. Work with a tax professional and a financial advisor to develop a giving strategy that aligns with both your charitable goals and financial situation. With thoughtful planning, you can maximize both your impact on causes you care about and the tax benefits you receive.

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