

# Charitable giving could pass pre-recession peak

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Businesses and individuals who want to make year-end contributions to charity should keep in mind that there are always changing tax provisions that affect these donations. We asked Daniel Pantucci of Merrill Lynch to weigh in on the issue:

Q: The U.S. is still in many ways recovering from the last recession, which put many out of work and caused others to lose their homes and a large portion of their investments. Has charitable giving declined in recent years?

A: Although giving declined in 2008 and 2009 (Giving USA 2014 annual study), annual charitable giving has been slowly recovering since the financial crisis and some are expecting 2015 giving to exceed its pre-recession peak. As the economy has slowly recovered since 2008-2009, so have individual's income and net worth which has led to the recovery in charitable giving. Once Americans started seeing the value of their investments increasing, coupled with the value of their home increasing, they started giving again.

Q: Do you tend to see more charitable giving among younger workers or older ones? And do most businesses participate in some form of charitable giving?

A: Americans are generous by nature but the how they give and how much they give definitely differs between age groups. Overall, retirees and empty-nesters donate more money and volunteer more hours than those in the early and middle stages of their careers because they have more discretionary time and income than their younger counterparts. While we see a lot of millennials and generation X Americans volunteering for charities, the actual number of hours they donate is less than half of that of empty-nesters and retirees, according to a recent study by Merrill Lynch and the Age Wave organization.

Q: How do taxes figure into the mix when making year-end donations to nonprofits?

A: As financial advisors, we always recommend individuals consult with a tax expert or CPA who are the experts on the specifics of tax law. It is important to work with a CPA because tax laws change. As a general rule, however, we do recognize and advise clients to take advantage of tax exemptions when considering gifting and donations. For example, individuals should ask whether all of their donation is tax-deductible or only a portion can be deducted.

Q: Are there any trends you can point to that have cropped up in regard to charitable giving?

A: While charitable donations have continued to rise over the last few years, a short term trend we're seeing is a big focus on individuals donating their time through volunteering. In fact, according to a recent study by Merrill Lynch and the Age Wave organization, Americans contributed 7.7 billion hours in 2013 through volunteering for charities, nonprofits and causes.

Q: Are all nonprofit organizations eligible to receive donations that the donor can then deduct on his or her taxes? If not, how do you find out if they are eligible?

A: You should consult with a CPA for specifics, but as a general rule, tax-exempt nonprofits will have a tax identification number that identifies them as an organization that allows for donations to be tax exempt. Most organizations will readily volunteer this information or have it printed on receipts and documents.

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