

**Beyond this past summer's ALS Ice Bucket Challenge:
Insights into Charitable Giving**

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Abstract

This past summer's Ice Bucket challenge also known as the ALS Ice Bucket challenge involved dumping ice water on someone's head to promote awareness for the disease amyotrophic lateral sclerosis (ALS, commonly known as Lou Gehrig's disease), and encourage donations to research. The person nominated for the challenge had the option of: making a cash donation to the ALS Association, dumping ice water on their head, or both. Most people, including celebrities and politicians opted to do both. On December 30, 2014, the ALS Association announced that this summer's "Ice Bucket" challenge rose over \$115 million in cash donations for the largest non-profit organization that fights Lou Gehrig's disease.¹ The year 2014 was a phenomenal year for the Association due to the unprecedented social media frenzy. The ALS Association's top priority is research and drug development to help treat and find a cure for those affected by the disease. Amyotrophic lateral sclerosis is a progressive neurodegenerative disease that affects nerve cells in the brain and the spinal cord. When the disease has progressed the brain loses the ability to initiate and control muscles. The disease leads the victim to become paralyzed and eventually leads them to death. The ALS Association's vision is to create a world without ALS. The Association believes that stem cell research is necessary to provide benefit to people with ALS in the future. The ALS Association's mission also includes providing care services to assist people with ALS and their families through a network of chapters working in communities. The cash raised in 2014 from the Ice Bucket challenge will allow the Association to triple its spending on research and focus on services to care for the victims living with ALS and their families.

Over this past summer celebrities, sports teams, corporations, executives, moms, dads and children took the ice bucket challenge. Facebook, Youtube, and Twitter were flooded with videos of everyone dumping the ice cold water over their heads. What does this mean from a tax benefit perspective? Who will actually benefit from the challenge and or the donations? Why did they choose to do this? Where will all of these donations go? As mentioned above, most people opted to dump the ice water and make a cash donation. How much of this will qualify as a donation, if at all?

This purpose of this paper is to examine the benefits of contributing cash and personal property to a qualified organization primarily from the perspective of the individual taxpayer. Using this past summer's ALS Bucket Challenge as a starting point, we will revisit the Internal Revenue Service's rules regarding tax deductions for charitable giving. In addition to the Ice Bucket Challenge we will review some other real-life examples to apply the rules regarding the maximum amount of charitable deductions allowed in a tax year. We will also provide some taxpayer guidance regarding documentation needed they can properly capture all of their charitable giving tax benefit in 2015. In summary, we will explore some of the other types of tax benefits (i.e. State Tax and Estate Tax) as well as non-tax benefits of charitable giving.

ⁱ *New Year, New Opportunities*, by Barbara J. Newhouse, ALS Association President and CEO.