

CARES Act Incentivizes Charitable Giving

Make a Gift. Change Lives. Mitigate Your Taxes.

Tough economic times often lead to a drop in charitable giving as individuals, families and businesses look for ways to save money and meet expenses. But it's during these times that our gifts are needed the most.

To encourage giving, the Coronavirus Aid, Relief, and Economic Security (CARES) Act includes changes to the deductibility of charitable contributions made in 2020. Depending on your circumstances, these provisions may allow you to mitigate your taxes while impacting the lives of others.

- **Increased Deductibility of Cash Contributions**

If you itemize your deductions, you can deduct cash contributions up to 100% of your adjusted gross income (AGI) in 2020. The previous limit was 60% of AGI. Note: The gifts must be made directly to the charities, not through Donor Advised Funds or private foundations.

***Planning Opportunity:** You may want to “front-load” your charitable giving. Front-loading involves the bundling of cash gifts earmarked for future years and making them in 2020 to take advantage of the higher limit. If you're over age 59 ½, you might consider taking money out of your IRA for the gifts. The deduction could potentially offset the taxes associated with the distribution, creating a tax benefit similar to a qualified charitable distribution. Given the complexity of this strategy, you should work closely with a tax professional throughout the process.*

- **“Above-the-Line” Deduction**

If you plan to take the standard deduction this year, you can deduct up to an additional \$300 for cash charitable gifts.

***Planning Opportunity:** Consider giving cash gifts up to this limit, if you're not already, to further reduce your 2020 taxable income.*

- **Increased Deductibility of Corporate Gifts**

The limit for cash contributions was also increased for corporations from 10% to 25% of taxable income.

***Planning Opportunity:** If you own a C corporation, consider “front-loading” your charitable gifts to take advantage of the higher limit and reduce your business' taxable income. You can carry forward any excess amount for the next five years.*

Put Our Expertise to Work for You

Your charitable gifts help individuals and communities flourish. An effective gifting strategy can also mitigate your tax liabilities. Our tax and planning professionals can guide you through the nuances of the CARES Act to help you do well by doing good. [Contact us](#) to learn more.

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