



CARES Act: How Does it Impact You?

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides more than \$2 trillion in relief for Americans, businesses, and organizations effected by COVID-19. The CARES Act includes several temporary tax changes and incentives that may affect your charitable giving options and opportunities.

Tax Benefits for Standard Deduction Households

- Taxpayers who take the standard deduction are allowed an above-the-line deduction up to \$300 per filing household for charitable contributions made to a qualified 501(c)(3) charity during 2020. This excludes giving to your donor-advised fund (DAF) and private foundation.

Tax Benefits for Itemizing Households

- Taxpayers who itemize their annual returns are allowed a temporary increase on deductions for 2020 charitable contributions. This excludes giving to your donor-advised fund (DAF) and private foundation.
- The deduction limit of 60% of Adjusted Gross Income (AGI) for cash gifts is suspended for charitable contributions made to a qualified 501(c)(3) charity.
- The deduction limit of 30% of AGI for contributions of appreciated assets such as stock, mutual funds, real estate or closely-held business interests) remain unchanged.
- Itemizing taxpayers may potentially deduct up to 100% of their 2020 AGI via charitable gifts. Taxpayers who make this 100% of AGI election can also carry forward unused qualified cash gift deductions up to five years.



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Required Minimum Distributions (RMDs) Waived for 2020

- Required Minimum Distributions (RMDs) from 401(k)s, 403(b)s, IRAs (including traditional and Roth) accounts have been waived for 2020.
- If you have already taken your RMDs, it may be possible to replace the funds. Please speak with your advisor to determine if you qualify.

Qualified Charitable Distributions (QCDs)

- While RMDs have been waived, Qualified Charitable Distributions (QCDs) from traditional and other IRAs are still allowed and encouraged as an excellent tax-advantageous giving tool. Consider giving QCDs in lieu of other taxable assets to offset RMDs in future tax years.
- Annual QCD limits remain at \$100,000 per individual and \$200,000 per couple.

Tax Benefits for Corporate Giving

- Gross Income-based limitations are increased to 25% for charitable contributions made in cash to a qualified 501(c)(3) charity.

Contact Amy Van Polen, Senior Director at (630) 545-0610 ext. 12 or amy.vanpolen@bridgecommunities.org or your advisor to learn more about how you can benefit from the CARES Act and support Bridge Communities.

Information originally authored by DuPage Foundation, Bridge Communities' Endowment Fund partner.



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