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.

over
**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.