



CARES Act: What You Need to Know

We are more grateful than ever for your sustaining support. In March, Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). We wanted you to be aware of certain provisions in the CARES Act that may impact your giving in 2020.

Tax relief for non-itemizers:

Non-itemizers may now take an above-the-line deduction of up to \$300 for cash gifts to qualified public charities. This will allow many taxpayers to claim charitable deductions who were previously unable to do so due to the increase in the standard deduction in 2017.

Tax relief for itemizers:

For 2020 alone, the CARES Act raises the Adjusted Gross Income (AGI) limit for cash gifts to qualified public charities from **60% of AGI to 100% of AGI**. This may be particularly attractive to donors who have large financial transactions in 2020 and/or who have pledge payments due this year. These taxpayers have a one-time chance to offset an entire year's income by making a cash gift to a public charity. Note: this benefit does not extend to gifts made to donor-advised funds, private foundations, or split interest trusts.

Required Minimum Distributions:

The CARES Act also includes a provision that waives the requirement of taking a minimum distribution from certain qualified retirement plans in 2020. Despite this provision, the Qualified Charitable Distribution (QCD) rules remain intact, and, for those donors over the age of 70.5, the QCD could still be a tax-efficient way to make charitable gifts for itemizers and non-itemizers alike.

The Office of Gift Planning is prepared to speak with you about these provisions and various types of gift structures that might be right for you and your circumstances. For more information, please reach out to us at (650) 724-5778 or giftplanning@lpfch.org.

We recommend you consult with your tax, legal, and financial advisors as to how the CARES Act may impact your specific financial situation.