

CARES Act and Charitable Giving

On Friday, March 27, 2020, President Trump signed the \$2 trillion Coronavirus Aid, Relief, and Economic Security Act. Provisions of interest to those involved with charitable giving include: (1) relaxation of the adjusted gross income (AGI) deductibility limits and (2) suspension of the required minimum distribution (RMD) requirements in 2020.

Charitable Contributions

The CARES Act encourages individuals to contribute to qualified public charities (which does not include donor-advised funds and supporting organizations) in 2020 by relaxing some of the limitations on charitable contributions of cash such as:

- Allowing an additional deduction of up to \$300 per tax-filing unit for those who do not itemize; and
- Suspending the 50% (or 60%) of AGI cash donation deductibility limitation on individuals and increasing to 25% the 10% of taxable income deductibility limitation on corporations.

Required Minimum Distributions

The CARES Act adds a provision permitting a one-year delay in required minimum distributions (RMDs) from retirement accounts. The act gives retirees the option to not take required minimum distributions in 2020, a potentially important provision if financial markets are slow to recover from the steep declines in recent weeks.

The ability to defer taking an RMD may factor into a donor's decision-making process as he or she considers making a qualified charitable distribution (QCD) from an IRA, but it is still likely to be tax efficient to do so.

Donors should consult their tax and legal advisors concerning these and other provisions of the act.