

## The CARES Act 2020

The CARES Act, the stimulus act signed into law in March 2020 and expanded in April 2020, provides the following benefits toward charitable giving:

The Act allows taxpayers to take an above-the-line deduction for charitable cash contributions up to \$300 for the 2020 tax year. **This deduction is available for taxpayers who do not itemize their deductions and will apply to all years moving forward.** This means that individuals can receive a benefit from gifts to charity even if they do not itemize deductions on their income tax returns – something that is not the case in most years.

For taxpayers who itemize deductions, the CARES Act increases the charitable deduction amount for cash contributions to public charities. For individuals, the amount has been increased from 60% to 100% of adjusted gross income (also referred to as “AGI”), and for corporations, from 10% to 25% of taxable income. It is important to note that this provision applies to cash contributions made to public charities and will not apply to contributions made to private foundations.

- Above the deductibility cap of 100% of AGI for individuals, additional contributions may be carried forward and deducted over the next five years. The same carryover period will apply to corporations exceeding their cap of 25% of taxable income. (Note that each partner or shareholder in a partnership or S Corporation must make carryover elections separately.)
- Although the CARES Act eliminates the need to take Required Minimum Distributions from qualified retirement accounts, donors can direct distributions from their retirement accounts to go to charities without having to pay income tax on the retirement account distribution.

The CARES Act creates an opportunity for all individuals to make a long-lasting difference. By providing benefits to donors of all giving levels, the legislation recognizes that small acts of caring, generosity, and thoughtfulness can combine to create a legacy of kindness and compassion.

Consult your tax advisor, and/or financial planner to determine the best way to include Mission of Mercy in your charitable giving plans.