



Charitable Tax Planning Opportunities for 2020

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. In addition to significant economic relief for the U.S. economy, the law also provides important provisions related to charitable giving. These provisions are effective for the 2020 tax year only.

Individual Income Tax

If you itemize deductions:

- **You can deduct up to 100 percent of your adjusted gross income (AGI) for gifts of cash in 2020—up from 60 percent in 2019.**

For example, a donor with an AGI of \$1 million could donate \$1 million in cash to Harvard and receive a federal income tax deduction of \$1 million.

- **This time-limited benefit only applies to gifts to Jack & Jill Children's Center or other public charities.** It is not applicable to gifts to donor-advised funds (DAFs) or supporting organizations.*
- **The 100 percent limit is reduced dollar-for-dollar by other itemized charitable deductions.** This means that in 2020, a donor who deducts 30 percent of their AGI in long-term appreciated property gifts will be able to also deduct up to 70 percent of AGI for qualified cash gifts—a total deduction of up to 100 percent of AGI.

If you take the standard deduction:

- **Under the CARES Act, a donor may claim up to \$300 in charitable deductions in 2020.** The deduction is taken "above the line," which means that it reduces a donor's AGI, resulting in a decreased tax burden.

**Examples of supporting organizations are charitable trusts that benefit a public charity or fundraising foundations for a school or hospital.*

The IRA Qualified Charitable Distribution (QCD)

- Donors who are 70½ or older can still transfer up to \$100,000 to Jack & Jill Children's Center and other charities as a QCD each year. A QCD can satisfy a pledge and the rollover amount is still excluded from taxable income—no need to itemize.
- Under the CARES Act, IRA holders are not required to take their required minimum distribution in 2020. Even so, making a QCD to Jack & Jill this year will allow itemizers and non-itemizers alike to direct up to \$100,000 from their IRA to Jack & Jill in a tax-efficient manner.

As with all tax matters, donors should review their personal situation with their advisers. Please contact the Development Office if you have questions or would like additional information on any of these topics.

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