2020 CARES Act
Impacts for charitable giving

1. New Charitable deduction
The bill makes a new above-the-line deduction available of up to $300 per taxpayer ($600 for married filing jointly) for contributions made to a qualified charity/non-profit. This is particularly beneficial for those of us who utilize the standard deduction.

2. Itemized deduction increase
For individuals and corporations who itemize their deductions, the available deduction for contributions made to qualified charities has dramatically increased for 2020. Individuals can now deduct up to 100% of their 2020 adjusted gross income (up from 60% in 2019). Corporations can deduct up to 25% of their taxable income (up from 10%).

3. Contributions must be made in cash to a qualified charity
To receive the enhanced benefits of the CARES act, the contributions must be made in cash to the qualified charity. While Donor Advised Funds (DAFs) remain viable planning tools, the CARES Act rule changes do not apply to a DAF.

4. Contribute from an IRA
While Required Minimum Distributions (RMDs) have been suspended until 2021, it is important to remember that if you are over 70.5, you can still make a Qualified Charitable Distributions (QCD) from your IRA. Donors directing a QCD to a charity may contribute up to $100,000. Distributions must be made directly to the charity and are free from normal income taxes.

For more information contact:
Briana Smith, CFP®
1100 Crescent Green Drive, Suite 104
Cary, NC 27518
Tel: 919-808-4900
briana@trailridgefinancial.com
www.trailridgefinancial.com