



Impact of CARES Act on Charitable Giving As of April 10, 2020

*Information in this document should not be considered as legal, financial or tax advice.
Consult your attorney or adviser to ensure that your own needs and objectives are met.*

Major Takeaways

1. *This is a good time to nurture relationships.*
 - “This crisis will pass, and when it does, legacies will still need to be created. Donors may stop giving for a while, but don’t stop educating and informing them of the benefits planned giving may bring to them and your institution. If anything, you should increase your communications to make up for the events and meetings you forgo due to COVID-19” (PG Calc, “Planned Giving Marketing”).
2. *Top-of-line deduction (\$300/\$600) may not benefit charities in the end.*
 - “It will be impossible for the IRS to know if those who claim the deduction actually gave anything at all to charity. It is, in effect, little more than a gift to anyone who claims the standard deduction. And the biggest beneficiaries will be those who claim the deduction without giving anything at all” (Forbes).
3. *Charitable deduction cap (100% of AGI) will not apply to Donor Advised Funds (DAF), and probably not to Charitable Gift Annuities (CGA) and Charitable Remainder Trusts (CRT).*
 - “The increased limits for individual and corporate taxpayers apply to cash contributions only. They also are limited to gifts to public charities and certain foundations. They do not apply to gifts to donor advised funds” (Forbes).
 - “Gifts made to Donor Advised Funds (DAFs) do not qualify for the increased deduction. While the Act does not specifically exclude cash gifts to fund charitable remainder trusts and charitable gift annuities, these types of gifts will likely be excluded” (William and Mary).
4. *Required Minimum Distributions (RMD) waiver may reduce retiree incentives to give.*
 - “The effects of this provision may be partially offset by another section of the CARES Act that could reduce the incentive for some wealthy taxpayers to give to charity. The new law allows people aged 72 or older to defer Required Minimum Distributions (RMDs) from their retirement accounts for 2020. Because older adults who do not need the extra income can avoid tax on those distributions by giving them to charity, putting off RMDs may reduce their charitable giving somewhat” (Forbes).
5. *Those over 70 and ½ can continue making Qualified Charitable Distributions (QCD).*
 - “Individuals aged 70.5 and older can continue to make tax-free charitable gifts directly from their eligible IRAs through Qualified Charitable Distributions (QCDs)” (William and Mary).
 - “Making a QCD this year will still allow itemizers and non-itemizers alike to direct up to \$100,000 from their IRA to charities in a tax efficient manner” (PG Calc, “CARES Act”).
6. *There may be incentive for wealthy individuals to make large or major gifts.*
 - “If you plan to make large charitable gifts, 2020 is a good year to do it. Use the gift(s) to lower your capital gains rate to zero, and sell something with an unrealized gain” (Kiplinger, “Why Retirees Should Care”).



References

I. Summaries and Analyses

Forbes: "How The CARES Act Increases The Charitable Deduction Without Helping Non-Profits Very Much"

<https://www.forbes.com/sites/howardgleckman/2020/04/08/how-the-cares-act-increases-the-charitable-deduction-without-helping-non-profits-very-much/#50b5fa0e4e3f>

Kiplinger: "CARES Act Expands Tax Deductions for Charitable Giving"

<https://www.kiplinger.com/slideshow/taxes/T054-S001-cares-act-expands-charitable-giving-tax-deductions/index.html>

PG Calc: "CARES Act Includes Charitable Giving Incentives"

<https://info.pgcalc.com/cares-act>

PG Calc: "Planned Giving Marketing and the Novel Coronavirus"

<https://info.pgcalc.com/pg-marketing-during-pandemic>

II. Retiree-Specific Information

Pillsbury (law firm): "CARES Act Planning Opportunities for Retirement Accounts and Charitable Giving"

<https://www.pillsburylaw.com/en/news-and-insights/cares-act-opportunities-retirement-accounts-charitable-giving.html>

Kiplinger: "Why Retirees Should Care about the CARES Act: How to Maximize Coronavirus Stimulus Package"

<https://www.kiplinger.com/article/retirement/T037-C032-S014-why-retirees-should-care-about-the-cares-act.html>

III. Examples of Charitable Organizations

Kennedy Center: "CARES Act Expands Tax Deductions for Charitable Giving"

<https://kennedycenter.plannedgiving.org/cares-act>

Wisconsin Evangelical Lutheran Synod: "The CARES Act and its impact on planned giving"

<https://wels.net/the-cares-act-and-its-impact-on-planned-giving/#top>

USO: "Tax Benefits of the CARES Act"

<https://plannedgiving.uso.org/cares-act>

William and Mary College: "Key Provisions of the CARES Act and Charitable Giving in 2020"

<https://giving.wm.edu/ways-to-give/cares-act-and-charitable-giving-in-2020/>



IV. Authoritative Guidance

CARES Act (full text of law)

<https://www.documentcloud.org/documents/6819239-FINAL-FINAL-CARES-ACT.html>

Relief for Taxpayers Affected by Ongoing Coronavirus Disease 2019 Pandemic, Related to Gift and Generation-Skipping Transfer Tax Filing and Payment Deadlines

<https://www.irs.gov/pub/irs-drop/n-20-20.pdf>