

# What is the CARES Act?

## A guide for donors

The CARES Act (Coronavirus Aid, Relief, and Economic Security) recognizes the importance that charitable giving plays in supporting the complex needs of the United States and the world as we battle COVID-19. It contains a number of charitable giving incentives for donors.

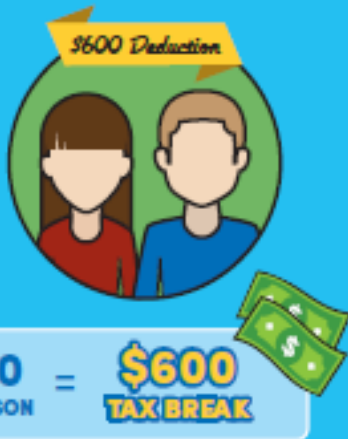
The provisions in the CARES Act are temporary (only 2020) and fall into four key categories:

### 1 Creation of a temporary universal charitable deduction for gifts of cash up to \$300 per person

Applies to all taxpayers, even those who do not itemize (i.e. claim the standard deduction).

#### What's Different?

Joe and Melanie, who typically take the standard deduction for couples on their tax return (e.g., \$24,800), are also able to benefit from an ADDITIONAL tax break of up to \$600 for cash gifts.

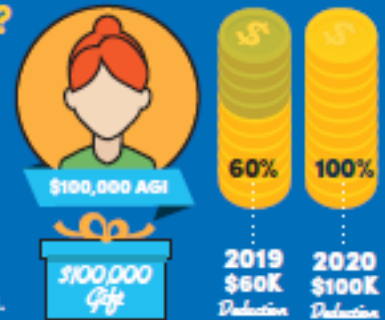


### 3 Removal of charitable contribution limitation on cash gifts for individuals

In 2020, individuals can deduct cash donations up to 100% of their 2020 adjusted gross income (AGI).\*

#### How Does It Work?

Imagine Lenore has an AGI of \$100,000 and made a \$100,000 cash gift to UB. On her 2019 tax return, her charitable deduction would have been \$60,000. In 2020, thanks to the CARES Act, the charitable deduction amount is \$100,000 (or 100%).



\*In past years, individuals who funded their charitable donations with cash (i.e., via check, credit card, payroll deduction, wire transfer, etc.) could only take a charitable deduction of up to 60 percent of their AGI, no matter how much they gave.

### 2 Required Minimum Distributions (RMD) rules suspended

Generally no one is required to take an RMD from his or her IRA or other retirement account for 2020.

#### How Does It Work?

Making a charitable donation through a qualified charitable distribution (QCD), also known as an IRA Charitable Rollover, continues to be a smart and tax-efficient way to give for many donors. Transfers generate neither taxable income nor a tax deduction, so you benefit even if you do not itemize your deductions.

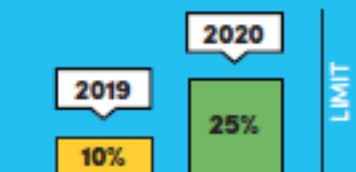


### 4 Increased charitable contribution limitation for corporations

The CARES Act increases the current taxable income limit on cash contributions made by corporations.

#### What's Different?

- 2019 limit = 10%
- 2020 limit = 25%



#### Questions?

For more information, contact your tax advisor.

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