

The CARES Act

On March 27, 2020, the **Coronavirus Aid, Relief and Economic Security (CARES) Act** was enacted. The Act is the largest economic stimulus package in U.S. history and allocates more than \$2 trillion to assist healthcare providers, businesses, nonprofits and individuals who have been impacted by the virus. Here are the provisions impacting charitable giving that you should know:

Higher Charitable Deduction Limits. In 2020 only, the annual limit on charitable deductions for cash gifts has been increased from 60% to 100% of adjusted gross income (AGI). This increase benefits donors and charities during a time of increased need for immediate cash giving. Notably, cash gifts to donor advised funds and supporting organizations do not qualify. Gifts of long term appreciated securities remain subject to a 30% AGI limit and will offset the 100% AGI limit. The AGI limits apply only to taxpayers who itemize.

Additional \$300 Charitable Deduction. For taxpayers who do not itemize, but instead take a standard deduction, the Act provides for an “above the line” charitable deduction of up to \$300 for cash gifts. This provides a tax benefit for donors making smaller cash gifts that would not otherwise receive a tax benefit. It is unclear whether this provision will extend beyond 2020, but hopefully we will receive guidance soon. Gifts to donor advised funds do not qualify.

RMDs Waived. Typically, individuals must begin taking required minimum distributions from retirement plans (IRAs, 401(k)s, 403(b)s) beginning at age 72. That requirement has been waived for 2020. This allows retirees who have seen their retirement accounts lose value to keep those funds invested if they do not need the money now. It also means that Qualified Charitable Distributions (QCDs), which are a very tax-advantageous way to make gifts to charity and satisfy RMD at the same time, may be less attractive in 2020.

The Office of Gift Planning is available to answer any questions you may have about the provisions of the CARES Act and we continue to be a resource for bequests and other planned gifts during this time. Please feel free to reach out to us at giftplan@uchicago.edu or 773-702-3130.

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