



With donors needed now more than ever, the CARES Act aims to encourage charitable giving by improving the tax incentives in 2020. For individual donors, the tax deductions for cash gifts had previously been limited to 60% of adjusted gross income (AGI). This limitation has been suspended for this year, allowing donors to deduct 100% of income.

Many donors are taking advantage by coupling their charitable gifts with other income generating strategies such as a Roth conversion or employee stock option exercise, while literally paying NO income tax.

Only cash contributions to public charities like ABC are eligible for the higher limit; gifts to donor advised funds, supporting organizations, and private foundations do not qualify. Further, taxpayers who don't itemize their deductions also receive a benefit. Donors who use the standard deduction are permitted to deduct an additional \$300 for cash contributions to public charities this year.

The incentives in the CARES Act aren't just aimed at individual donors. For donors who make gifts through corporations, the deduction for charitable gifts is now increased from 10% to 25% of taxable income. The bill also increases deductions on food contributions from 15% to 25%.

These provisions expire on December 31, 2020 so please consider making a gift to RHD today.

As with all important financial decisions, you may want to consult legal and financial professionals for advice.

If you have questions about making a gift to RHD, please contact RHD Director of Development
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