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## **CARES Act Charitable Deductions for 2020 Can Help Further the Work You Care About – An additional gift to Jesuits West in 2020 will strengthen the Province and provide you with new tax benefits**

Thank you for supporting Jesuits West and the work of our more than 75 Jesuit sponsored and endorsed works in the 10 western states.

As you may know, on March 27, 2020 Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Included in the legislation are several important provisions aimed at helping non-profits, like Jesuits West, sustain their work while also benefitting generous donors like you.

The inclusion of an expanded charitable giving incentive is a critical acknowledgement by Congress that the work of non-profits like Jesuits West are essential services. Perhaps more than ever, our vulnerable communities will need the spiritual, educational, and social works that Jesuits have delivered for almost 500 years. It is the first time Congress has passed this type of giving incentive in response to disaster or national emergency.

**Increased Deduction Ceilings for those Who Itemize.** If you itemize your taxes, great news! The CARES Act allows you to claim charitable deductions up to 100% of your adjusted gross income in 2020. This is up from 60% of your adjusted gross income previously. Again, gifts must be made directly to a qualified non-profit, like Jesuits West, and cannot be made to a donor-advised fund, supporting organization or private foundation. The new 100% deductibility has no sunset provision right now, so this could continue past 2020, and if you need to carry-over deductions, you could do so for 5 years. This new provision also benefits corporations, who may deduct up to 25% of taxable income, up from the previous limit of 10%. Please talk with your accountant for more details.

**New Charitable Deductions for people who take the standard deduction.** If you take the standard deduction on your taxes, any cash gift you make directly to Jesuits West, or any other qualifying non-profit in 2020 (and possibly beyond) may allow you to take up to a \$300 above-the-line deduction on your taxes to be paid in 2021. The deduction is up to \$600 for married couples. This above-the-line adjustment to your income will reduce your adjusted gross income (AGI), and thereby will also reduce your taxable income. This deduction applies only to cash gifts made directly to non-profits. Gifts to donor-advised funds, supporting organizations, or private foundations do not qualify for this deduction. Stock gifts also do not qualify for this deduction. Please talk with your accountant for details.

**Required Minimum Distributions (RMD) from IRA's Waived in 2020.** RMD for individuals over age 70 ½ are suspended until 2021. This includes distributions from defined benefit pension plans and 457 plans. The RMD is an attractive way for donors to make a significant charitable gift directly from their IRA to Jesuits West, or another qualified non-profit, through a qualified charitable contribution (QCD) while avoiding taxable income. Though the RMD is waived for 2020, donors can still make a gift from their IRA as the tax benefit of the QCD remains.

The takeaway - donors directing a QCD to a non-profit this year (up to \$100,000 per individual) will still reduce their taxable IRA balance. This allows all taxpayers, itemizers and non-itemizers alike, to direct gifts from their IRA to non-profits in a tax efficient manner.

*Jesuits West recommends consulting a tax professional or your financial advisor to determine what options work best for your unique situation.*