Coronavirus Aid, Relief, and Economic Security Act

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law on March 27, 2020. This legislation included a number of provisions that could impact charitable giving.

*The information provided below is not intended to serve as tax or legal advice. Please consult your attorney and/or financial advisor before making a gift. Contributions to the United States Holocaust Memorial Museum are eligible for the maximum income and estate tax charitable deductions available for gifts to a public charity.*

Elimination of Ceiling on Deductibility of Charitable Donations for Individuals in 2020

**BEFORE THE CARES ACT**

The usual cap—60% of adjusted gross income (AGI)—on annual deductions for cash donations by individuals who itemize applied for 2020 (with a 5-year carry-forward for unused portions). For example, taxpayers with $500,000 in AGI making cash gifts of $500,000 to a qualified charity would have had their charitable deduction capped at $300,000; the remaining $200,000 in unused deductions would have been eligible for the 5-year carry-forward.

**UNDER THE CARES ACT**

In 2020 only, that same individual could now fully offset their $500,000 of AGI with the $500,000 deduction for their cash gifts to a qualified charity (which excludes donor advised funds, private foundations, and certain split-interest gifts) and could therefore owe no federal income tax in 2020.

For donors who are in a position to do so, this provides them with an excellent opportunity to consider accelerating any outstanding charitable pledge payments or to make new gifts.

Increase in Ceiling on Deductibility of Charitable Donations for Corporations in 2020

The CARES Act also increases from 10% to 25% of AGI the limit on deductibility of corporate charitable donations.

The Suspension of the Required Minimum Distribution (RMD) for 2020

**WAIVER FOR 2020**

For taxpayers who normally would be required to withdraw retirement assets, this annual RMD requirement has been suspended for 2020.

**POTENTIAL IMPACT ON CHARITABLE GIVING**

Eliminates in 2020 only one of the benefits for those over 70-1/2 of making a Qualified Charitable Distribution (QCD) directly to the charity from an individual's IRA, as there is now no RMD requirement in 2020 against which a QCD could be applied, BUT the benefit of not including any QCD in a donor's taxable income remains in effect for 2020.

Deductibility ceiling of 100% of AGI, however, creates opportunity to donate to charity increased cash withdrawals from retirement funds and claim full offsetting charitable deduction.

Universal Deduction of $300 per Taxpayer for 2020

Every individual taxpayer who does not itemize can claim an “above the line” deduction of up to $300 in cash donations made in 2020 (excludes contributions made to donor advised funds, private foundations, and certain split-interest gifts).

Should you have questions, please contact a member of the Planned Giving and Endowments Team:

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