



University of Colorado

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OFFICE OF GIFT PLANNING

Advancement team,

Last week, the Coronavirus Aid, Relief, and Economic Security (CARES) Act became law, bringing with it some key impacts on charitable giving. Here's what you need to know, why you should care and how to learn more.

We know this is a lot of information. If you have questions or need clarification, reach out to us at giftplanning@cu.edu. We are happy to help you understand the CARES Act so you can have productive conversations with our donors. We're also planning some webinars on this subject. Read below for details.

Here are four things you should know:

1. Tax filers who do not itemize their deductions are eligible to claim an "above the line" or "universal" charitable deduction of up to \$300 this year and in future years.
2. In 2020 only, deductions for cash contributions to public charities can now qualify for up to 100% of adjusted gross income (previously limited to 60%).
3. In 2020 only, deductions for corporate giving can now qualify for up to 25% of taxable income (previously limited to 10%).
4. In 2020 only, required minimum distributions from individual retirement accounts are waived.

Here are donors who may be affected and how we can help them:

Annual Giving donors who give cash: In 2017, the Tax Cuts and Jobs Act increased the standard deduction significantly, resulting in a much smaller pool of people who now itemize their taxes (around 15%). While many people continue to give without tax breaks, the CARES Act steps in to provide the remaining 85% of non-itemizers an incentive to give up to \$300 in charitable gifts each year. Consider marketing this new benefit in annual giving outreach.

Major-gift donors who give cash: For major donors and itemizers, the increase in the adjusted gross income (AGI) threshold (from 60% to 100%) could incentivize big cash

gifts in 2020. For example, someone who gives \$100,000 when their AGI is \$100,000 could previously only deduct \$60,000 for that contribution. In 2020, this same situation creates a \$100,000 deduction that could “cancel out” someone’s tax bill! (As in past years, unused deductions can be applied to future tax bills for up to five additional years, subject to the traditional 60% AGI limitation.)

Donors who give through donor-advised funds (DAFs): Interestingly, the CARES Act does NOT allow the \$300 universal deduction to apply for gifts made to DAFs, supporting organizations, or private family foundations. Still, many donors have stored up charitable gifts within their DAFs over the years, and this is a great time to ask them to recommend distributions from their DAFs to support CU.

Donors who give through companies: Companies can now deduct up to 25% of their taxable income, and that could loosen some corporate purse strings. It’s worth asking!

Donors who give through individual retirement accounts (IRA): By waiving required minimum distributions (RMDs) for 2020, the CARES Act may have also reduced the incentive for donors to request qualified charitable distributions (QCDs), also known as IRA Charitable Rollovers. With an IRA Charitable Rollover, donors direct their IRA plan administrator to make charitable contributions from their retirement account, thereby reducing a donor’s income tax and fulfilling their RMD. However, age plays an important role. Here’s the general IRA timeline:

- **At age 59½**, donors can withdraw from their IRA without penalty. These withdrawals will count as income, and that income can be offset through gifts to charity that qualify for traditional income tax deductions.
- **At age 70½**, donors can request up to \$100,000 in distributions be made directly to qualified charities through an IRA Charitable Rollover. These transfers do not count toward a donor’s income, resulting in reduced income taxes.
- **At age 72**, the government requires IRA accountholders to start taking minimum distributions each year (except in 2020). Each person’s RMD is determined by a calculator that takes into consideration total IRA values and life expectancy. For those paying attention, the RMD age increased from 70½ to 72 following the January 2020 SECURE Act. Many of these age-qualified donors will transfer some or more than their required minimum distribution amount to charity, thereby using the IRA Charitable Rollover to fulfill their RMD and avoid income tax typically associated with these withdrawals.
- **For donors approaching or over age 72**, consider incorporating IRA Charitable Rollovers into the assets used for annual gifts or multi-year pledge payments.

Here's more important information you need to know:

- The federal government has already extended the deadline for tax filing and payment to July 15, 2020.
- Many Americans will be receiving stimulus checks of \$1,200 per person (\$2,400 for joint filers), plus \$500 per qualifying child. (The amount phases down starting at AGI of \$75,000 individual or \$150,000 joint and is inaccessible to those at AGI of \$99,000 individual or \$198,000 joint.)
- It's possible more tax measures—and possibly more charitable giving opportunities—will be needed in the future to help individuals and bolster the economy. We'll keep you posted.

How to learn more:

Because some of us are more interactive learners, the Office of Gift Planning is ready to help you interpret and strategize around these various tax benefits one on one or in webinars:

1. Send your questions or requests for training to the Office of Gift Planning at giftplanning@cu.edu.
2. Sign up for one of the following interactive webinars, Why Should I Care about the CARES Act?:
 - Tuesday, April 14, 9 a.m. [REGISTER](#)
 - Thursday, April 16, 10 a.m. [REGISTER](#)
 - Friday, April 17, 1 p.m. [REGISTER](#)

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