

# THE CARES ACT & YOUR CHARITABLE GIVING

## A Message from West Side's Finance Team

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Hello, friend.

As FEARLESS (West Side's two-year generosity initiative) nears its December 2020 conclusion, we want to ensure you're aware of a unique giving opportunity related to the annual limitation for charitable tax deductions. (This type of opportunity hasn't occurred since 2006 in the wake of Hurricane Katrina, which indicates its rarity.)

In response to the Coronavirus pandemic, Congress passed the CARES Act in March of 2020. While this piece of legislation is best known for provisions such as direct payments to Americans, the Payroll Protection Plan, and extended unemployment benefits, **it also includes a lifting of the cap on charitable deductions.**

In a normal year, taxpayers must limit their charitable deductions for cash gifts to 60% of their adjusted gross income. But for 2020 only, individuals making cash gifts can elect to increase this limit to 100% of their adjusted gross income (AGI).

For those planning major gifts, this is an opportunity to *eliminate* or *greatly* reduce federal income taxes for 2020. (Note: When gifting marketable securities or other types of stock, donors are still limited to deducting 30% of their adjusted gross income. However, the same donor could also deduct cash gifts up to 70% of his/her adjusted gross income in order to take advantage of the full 100% deduction, if desired.)


We realize, of course, that this category of giving is not applicable to every Westsider. However, those who are able and willing to give at such a level can benefit significantly from this provision. For those of us on the FEARLESS journey, this is a timely and valuable opportunity.

If our finance department can serve you in any way, please contact Director of Finance, Brenda Lavin, at [BrendaL@wschurch.org](mailto:BrendaL@wschurch.org).

Once again, thank you for advancing God's work through West Side. We are more grateful than ever for your generous partnership as we strive to connect EVERYONE to Jesus and his mission!

With Gratitude,  
**West Side's Finance Team**

For more important provisions found in the CARES Act, refer to the back of this page.



## **Other important provisions found in the CARES Act:**

### **Above-the-line deduction for non-itemizers**

For those who do not itemize charitable giving, the CARES Act will allow an extra deduction for donations to a charity, such as West Side, of up to \$300 on 2020 federal tax returns. This is in addition to the standard deduction. Married-filing-jointly taxpayers will get an above-the-line deduction of up to \$600.

### **Increase in deduction cap for corporations**

Similar to the cap increase for individuals who itemize their deductions, the CARES Act lifts the cap for charitable gift deductions from corporations to 25% in 2020.

### **Contribution of publicly traded stock**

If held longer than one year, individuals who donate publicly traded stock can deduct the fair market value of the stock as a charitable contribution. Additionally, individuals do not need to report the gain as income on their tax return if the publicly traded stock has appreciated.

### **Qualified Charitable Distribution from IRAs**

Individuals 70 ½ or older may exclude up to \$100,000 each year of otherwise taxable IRA distributions if the distribution is paid directly from the IRA to a qualified charity, such as West Side.

*Please consult your tax attorney or CPA about how the general information above can apply to your situation.*