



MONTANA
COMMUNITY
FOUNDATION

The CARES Act

How It Impacts Your Giving

Thanks to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March 2020, individual and business donors have access to some unique and potentially impactful tax incentives for charitable giving in 2020. Below you will find examples of a few notable opportunities created by the CARES Act, which may be of interest to you or someone you know. The window for taking advantage of these changes closes December 31.

Tax Incentives to Maximize Your Impact



Universal Deduction for Donations Up to \$300: A Special Incentive for Non-Itemizers

Even if you take the standard deduction on your 2020 federal tax return, the CARES Act allows you to claim a one-time “universal” deduction for gifts to charity. Individuals can claim a deduction up to a total of \$300; married couples filing jointly can claim up to \$600.



Increased Charitable Deduction Cap: Give Big, Benefit Big

If you itemize deductions on your federal tax return, the CARES Act raises the 60% adjusted gross income (AGI) limit for cash donations, enabling individual and joint filers to deduct up to 100% of their AGI. That means it's possible to have zero taxable income in 2020 if you really give big!

Note: The 100% AGI limit for 2020 does not apply to gifts of securities or to cash donations made to establish planned gifts such as those qualifying for the Montana Endowment Tax Credit.

For corporate donors, the charitable deduction cap has also been raised for 2020, from 10% AGI up to 25%. Since cash donations from corporations do qualify for the Montana Endowment Tax Credit up to \$10,000 per year, this provides an excellent opportunity for business owners to leverage this benefit while increasing charitable impact in their communities.



Traditional IRA to Roth IRA Conversion: A More Attractive Option for 2020

If you have been considering converting all or part of your traditional IRA to a Roth IRA, certain CARES Act provisions might make 2020 the year to do so. First, this year's required minimum distribution (RMD) waiver removes the need to take an RMD before converting to a Roth. Second, the 100% AGI limit mentioned above could help off-set increases to taxable income as a result of converting pre-tax money from a traditional IRA to a Roth. While this type of IRA conversion is not right for everyone, for those seriously considering it this may be the right time.

Contact Us

We can help you explore these and other options to maximize your tax benefits and charitable giving impact, including gifts to qualify for the Montana Endowment Tax Credit, provide income during your lifetime, offset capital gains, and support the nonprofits and essential services you value most. Together we can build a permanent base of support for our communities through the power of endowed funds, ensuring a strong and vibrant future for Montana.

Contact us today at (406) 443-8313 or info@mtcf.org.

*The information in this publication is not intended as legal or tax advice. For legal or tax advice, please consult your attorney and/or tax professional.

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