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Giving That Gives Back

Executive Summary:

The CARES Act combined with some traditional tax planning strategies allows donors to make significant gifts to the charities they care about while building wealth on a tax-free basis for either themselves or their families. The provisions in the Act that are specific to the strategy are as follows:

> Taxpayers who are 70 ½ had the ability to avoid ordinary income in 2020 by not taking their Required Minimum Distributions (RMD's). This of course reduced taxable income. This provision for the CARES Act applies <u>only</u> to 2020.
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> Taxpayers are able to give **cash** gifts to public charities of up to 100% of their adjusted gross income and fully deduct those gifts against their income. This special provision of the CARES Act also <u>only</u> applies for 2020.

These CARES Act special provisions can be combined with two well established tax strategies including ROTH Conversions and the donation of appreciated securities to a Donor Advised Fund (DAF). While the donor's age may come in to play with not having to take any RMD's this year, **donors of any age** can still execute and use this strategy.

The impact for the donor in the right situation can be powerful, both financially for the long-term benefit of their family and obviously to benefit the charitable causes they want to support. Given the expiration of these special tax provisions on December 31st this year, time is of the essence if donors want to take advantage of the opportunity.