

2020 Gift Planning News



2020 Legislative News From Washington!

The most recent bipartisan installment of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* not only includes provisions related to supporting the needs of individuals as well as small and large businesses but also includes important sections that will benefit the charitable sector including:

- A limited allowance for an above-the-line charitable deduction for cash gifts of up to \$300—a benefit for non-itemizers who support charitable causes.
- Increasing the overall AGI limitation for charitable cash contributions from 60% to 100%—a benefit for itemizers that may encourage larger gifts.

While this is just a small part of multiple pieces of this legislation, these provisions recognize the important contributions of the nonprofit sector to society.

Gift Annuity Rates: 2020 Brings Changes

The American Council on Gift Annuities announced new suggested maximum rates effective July 1, 2020. The new rates are illustrated below. Contact us for more information.

One Life	Rate
60	3.9%
65	4.2%
70	4.7%
75	5.4%
80	6.5%
85	7.6%
90+	8.6%
Two Life	Rate
60 & 64	3.7%
65 & 67	3.9%
70 & 72	4.2%
75 & 78	4.8%
75 & 85	5.1%
78 & 82	5.3%
85 & 90	7.1%

The above gift annuity rates are based on the American Council On Gift Annuities suggested rates effective July 1, 2020.

Taxes and Giving

For over 100 years, charitable gifts have enjoyed special treatment in our nation's tax system by way of a charitable deduction for income, gift and estate tax purposes.

The *Tax Cuts and Jobs Act of 2017*—which became effective in 2018—repealed or limited many deductions, but the charitable deduction escaped virtually unscathed. In fact, it was enhanced through an increased allowance for cash gifts that can be claimed each year (up to 60% of adjusted gross income). Gifts above that amount may be carried forward up to five years. Additionally, a provision that would have reduced the benefit of itemized deductions for high income taxpayers has been eliminated by repealing the Pease Amendment.

The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) made several changes that may serve to encourage charitable gifts from retirement plans after first providing for your needs and those of your loved ones.

While every person's tax situation is different, most tax payers will benefit from the newly expanded standard deduction or may continue to claim itemized deductions for their charitable gifts. Explore the additional pages here to learn more about the different gift options available. These ideas may be helpful to discuss with your advisors to complete gifts now or in the future.

New Adjustments for the New Year:

- The gift, estate and generation-skipping tax exemption amounts will shelter gifts and estates up to \$11.58 million (adjusted for inflation) for individuals and \$23.16 for married couples for 2020.
- The deduction limit for cash gifts to charity is increased from 50% of AGI to 60% and 100% for tax year 2020.
- The new standard deduction this year is \$12,400 for single filers and \$24,800 for couples. The aged and blind add an additional \$1,300 to the standard deduction or \$1,650 if they are unmarried and not a surviving spouse. Non-itemizing individuals may claim up to \$300 as an above the line charitable deduction.

Charitable Giving Strategies to Consider:

1. Qualified charitable distributions (QCDs) from IRAs are advantageous for eligible individuals. Although no charitable deduction is available, the income tax that is normally owed on withdrawals is avoided. QCD rules:
 - Individuals must be at least age 70½ on the date of the gift.
 - QCDs can come only from IRAs, not 401(k)s or other retirement accounts.
 - A maximum of \$100,000 may be given annually.
 - The transfer must come directly from the IRA custodian.
 - QCDs can be made only to public charities, not to private foundations or donor advised funds.
 - Distributions can be used to satisfy a person's pledge.
2. Life-income gifts such as charitable remainder trusts and charitable gift annuities offer several advantages to satisfy philanthropic goals. Because deductions for remainder trusts and gift annuities tend to be larger, you may be able to itemize in the year a gift is arranged. Payments from life-income gifts may be attractive to those who would normally make bequests to charity through a will or living trust—providing income tax and possibly capital gains tax savings. Funding life-income gifts for loved ones in your estate plans may provide them with regular payments for life or a term of up to 20 years.
3. Making gifts of appreciated assets, such as stock or mutual funds, allows you to avoid the capital gains tax that would be due if the assets were sold, offering tax savings even if you use the standard deduction.
4. Those with donor advised funds can direct gifts to public charities. You may be able to itemize by making a larger gift to a donor advised fund, from which annual gifts can be made over several years. Contributing appreciated securities to a donor advised fund provides added tax savings.

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