

## Important Information About the CARES Act

The new CARES (Coronavirus Aid, Relief, and Economic Security) Act is designed to help individuals, businesses and nonprofits facing economic hardship during the coronavirus pandemic. The CARES Act has created new, **temporary incentives for individuals to contribute cash to nonprofits**. The following key provisions of the CARES Act may affect you and your charitable goals.

## Temporary Charitable Deductions for Individuals

The CARES Act allows taxpayers to take a charitable deduction of up to \$300 (\$600 for married couples) for those who take the standard deduction. The deduction is temporary and only for gifts made in 2020. For those who do itemize their deductions, the new law allows for cash contributions to qualified charities such as the Medical Society of Virginia Foundation (MSVF) to be deducted up to 100% of your adjusted gross income for the 2020 calendar year. Previously, individuals could deduct cash gifts up to 60% of their adjusted gross income. The exception is that gifts to donor advised funds will not count.

## Required Minimum Distributions Suspended

The new law **temporarily suspends the requirements for required minimum distributions (RMD)** for the 2020 tax year. For donors who will turn 70½ in 2020, the RMD from their IRAs can be waived until 2021. Donors can still direct up to \$100,000 from their IRAs to qualified charities, such as the MSVF during this time.

## Why a Gift From Your IRA May Still be a Good Idea

Your gift will be put to use today, allowing you to see the impact of your gift. You pay no income taxes on the gift. The transfer generates neither taxable income nor a tax deduction, so you benefit even if you do not itemize your deductions. Since the gift does not count as income, it can reduce your annual income level. This may help lower your Medicare premiums and decrease the amount of Social Security that is subject to tax.

*This information is not intended as legal or tax advice. Before making a gift, donors should consult an attorney or tax advisor. References to tax rates include federal taxes only and are subject to change. State law may further impact your individual results.*