



# CARES Act creates giving incentives

## You can support your favorite charities and potentially gain a tax benefit

The Coronavirus Aid, Relief, and Economic Security (CARES) Act contains a variety of possible tax incentives for making charitable contributions. Signed into law on March 27, 2020, the Act has been extended into 2021. Here are ways you may be able to benefit from it when you make charitable gifts.

### Three CARES Act initiatives

The CARES Act has several key incentives for individuals making charitable gifts.

#### Universal charitable deduction

If you take the standard deduction on your tax return instead of itemizing deductions, the CARES Act Universal Charitable Deduction allows individuals to deduct of up to \$300 for cash gifts to public charities. Married couples filing jointly can deduct up to \$600. Gifts to donor-advised funds and supporting organizations are not eligible.

#### Increased AGI limitations

If you choose to itemize deductions on your tax return, you may benefit from the higher limit of the adjusted gross income (AGI) for cash gifts. Through 2021, the limit for how much you can deduct for cash gifts to public charities has

increased from 60% to 100% of your AGI. Donations to donor-advised funds and supporting organizations are not eligible for the 100% deduction but are still eligible for the 60% cash gift deduction limitation.

Qualified cash gift deductions may be carried forward up to five years. The gift that's carried forward will be subject to the 60% limit of the AGI limit, as are cash deductions carried forward from past years.

#### Required minimum distributions (RMD)

While the CARES Act suspended RMDs for 2020 and the SECURE Act increased the age to 72, (from 70½, effective for people who turned 70½ in 2020 or later) the rules for making qualified charitable distributions (QCDs) have not changed. QCDs of up to \$100,000 may be made from IRAs beginning at age 70½.

## Giving opportunities and the CARES Act

Thrivent Charitable Impact & Investing™ (Thrivent Charitable) offers flexible giving options and resources so you can amplify your giving in light of the CARES Act.

While donor-advised funds are not eligible for the CARES Act incentives, Thrivent Charitable's collaborative funds and organizational endowments funds through Thrivent Charitable are. And there are ways you can pair contributions to a donor-advised fund with direct donations, potentially taking advantage of the CARES Act incentives.

### **Collaborative funds**

Together with donors, Thrivent Charitable addresses several pressing issues facing our communities through these funds. For example, the Disaster Relief Collaborative Fund is making focused grants to support organizations that are on the ground helping communities hit hard by COVID-19. Their challenges include food insecurity, housing and shelter crises, and emergency financial needs. Your gift of up to \$300 (or \$600 for a couple) to one of our collaborative funds may qualify for an above-the-line charitable tax deduction (meaning, you don't have to itemize on your tax return to receive the potential benefit of a reduced taxable income).

### **Endowment funds**

You can help establish an endowment fund for a local church or faith-based nonprofit with a \$25,000 lead gift. Under the CARES Act, supporters of the endowment fund may deduct up to 100% of their AGI for qualifying gifts made in 2021.

### **Roth IRA conversions**

The timing may be right for you to pair a Roth IRA conversion with a gift. For example, you could give up to 60% of your AGI to a donor-advised fund and an additional 40% of your AGI directly to a charity. Doing so may help offset the taxes of the IRA conversion.

### **Taxable distributions from commercial annuities**

If you have a commercial annuity that has a large gain, you may want to take taxable distributions from the annuity and then potentially offset the taxes on the distributions with a gift to charity (up to 60% of your AGI is eligible to give to a donor-advised fund; you can then give an additional 40% directly to charity).

### **Donor-advised funds**

Gifts to donor-advised funds and supporting organizations aren't eligible for the 100% deduction from the CARES Act, but they are still eligible up to 60% of the AGI limit.

## Are you ready to make the most of your giving?

We can help you set up a strategy for planned giving. Contact your Thrivent financial professional, visit [thriventcharitable.com](https://thriventcharitable.com) or call 800-365-4172.



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Donors must itemize deductions to receive a charitable income tax deduction. Charitable giving can result in tax, legal and financial consequences. Thrivent Charitable Impact & Investing does not provide legal, accounting or tax advice. Consult your attorney or tax professional.