

## *Financially Speaking*

### **There is Even More Reason to Give to Charity this Year**

I don't know about you, but I am over 2020.

Don't get me wrong, I'm not wishing time away and the Christmas season has always been my favorite part of the year so I still intend to savor every twinkling light, cheerful song and cheesy holiday movie. In fact, this year I think I will enjoy those things more than ever because I need a little joy and happiness, as I suspect many others do.

Many times over the years I have written about ways to give back, either through monetary gifts or gifts of your time and talents. This year I don't think I am telling anyone something they don't know when I say that the need is substantial. All around the world, throughout the United States and even in our own community the effects of COVID-19 have been felt. People are struggling and in need at exactly the same time that many of the agencies and programs there to help them have also been impacted.

While there are bright spots with government funding of meals for students, even if learning virtually, and large corporations banding together to offer free Thanksgiving groceries for families, the needs are still there. Just a drive by the food pantry here in Verona on a distribution day with the line of cars waiting can show you how great it is. And it doesn't stop with food, families are struggling with paying rent, buying medications and putting gas in vehicles every day.

There are many reasons to help others if you are able and I suspect that income tax incentives are low on that list, but if you are inclined to give you may want to do it before the end of 2020 as there are some special tax rules in place for charitable contributions this year.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted in March, includes some provisions to incentivize individuals and companies to make charitable contributions in 2020. The charities do not have to assist specifically with the pandemic, but just qualify normally as a qualified charity under IRS guidelines.

The primary incentive that the CARES Act included was a \$300 above-the-line deduction for money given to charity in 2020. That means that even if you take the standard deduction and don't itemize – which is the case for most taxpayers following the Tax Cuts and Jobs Act of 2017- that you can still deduct up to \$300 given to charity this year, potentially saving you federal income taxes.

There were also some changes made for those that may be in a position to consider larger gifts, removing the income-based cap on the amount of a cash contribution that is deductible. Instead of being limited to deducting contributions of up to 60% of adjusted gross income, this year taxpayers can deduct charitable contributions of up to 100% of adjusted gross income and, if they contribute more than that, they can carry the excess forward to future years.

Similarly, the amount of cash that a corporation can contribute to charity and deduct is temporarily increased from 10% of taxable income to 25%.

And, even though the CARES Act waives the Required Minimum Distribution (RMD) withdrawal requirements for retirement accounts in 2020, it still allows individuals who would normally have to take a RMD to give that money directly to a charity, tax free, as long as they follow the normal rules that apply to a qualified charitable distribution (something I wrote about last year).

I know this has been a hard year. I don't know many people who haven't struggled in some way, whether emotionally, physically or financially. To help bring myself joy this season I intend to give to others, knowing that maybe in some small way I can help to start to heal their wounds. I hope that you will join me if you can.

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