



## The Coronavirus, Aid, Relief, and Economic Security (CARES) Act and Charitable Giving

The U.S. Congress has passed the Coronavirus, Aid, Relief, and Economic Security (CARES) Act and the president has signed it into law. This summary of its impact on supporting charitable causes like Akron Children's Hospital was created to help donors determine the best way and the best time for them to continue their financial support of the Hospital's mission.

- The law allows an above-the-line income tax charitable deduction up to \$300 (\$600 for a married couple) even if you don't itemize your 2020 income tax return. The break is available to people who claim the standard deduction, which is \$12,400 for singles or \$24,800 for married-filing jointly in 2020. This provision was inserted specifically to encourage charitable giving this year.
- The CARES Act impacts owners of Individual Retirement Accounts (IRAs) and distributions from defined benefit pension plans and 457 plans by providing a temporary waiver of Required Minimum Distributions (RMDs) for 2020. The decreased value of individual portfolios may motivate some people to keep funds in their accounts temporarily, waiting to see what happens in the investment markets. Donors may still make direct distributions to public charities from your IRA (limited to \$100,000), just as before, if it makes financial sense for you to do so.
- For the 2020 tax year only, donors may elect to apply a 100% of adjusted gross income (AGI) limit to cash gifts to public charities. Gifts to private foundations and donor advised funds (DAFs) don't qualify. This means that in 2020, a donor who deducts 30% of AGI in long term appreciated property gifts and elects the 100% of AGI limit for qualified cash contributions will be able to also deduct up to 70% of AGI for qualified cash gifts, a total deduction of up to 100% of AGI. If this donor uses all available deduction for qualified cash gifts, that donor will pay no federal income tax in 2020.

For all years other than 2020, the only way to transfer a large IRA to charity without tax was at death by beneficiary designation. In 2020, the donor can withdraw the IRA and contribute it to a charity because the tax associated with the IRA is offset 100% by the charitable deduction. This will allow donors who do not need their IRA to accelerate planned gifts at death to immediately help public charities.

- The new law, coupled with current financial uncertainty, has created an appealing climate for those concerned about their income from investments. For some donors, you may find value in learning how you can transfer assets (cash, securities, real estate, etc.) into a secure income stream for yourself and/or others with a Charitable Gift Annuity.

- Recent steps taken by the Federal Reserve Bank on federal lending rates have made certain charitable gift strategies more appealing than they have been in some time. A Charitable Lead Trust can reduce the size of your taxable estate while planning for a transfer to heirs, all while making a sizable gift to Akron Children's Hospital.
- It is always a good thing to review your estate plan on a regular basis. If it is time for you to update your will and/or living trust, you can consider including a gift to Akron Children's Hospital.

### About Brian C. Layman



Brian is a principal with Layman Law Group in Canton, OH. He provides significant tax, asset protection, estate planning, business succession planning, corporate law, and trust and estate administration expertise to his firm's clients. In addition to being admitted to practice law in Ohio and Florida, he maintains his CPA license in Ohio.

He is certified as a Specialist in Estate Planning, Trust and Probate Law by the Ohio State Bar Association and the Ohio State Bar Association appointed him to the Estate Planning, Trust and Probate Law Section Council, which consists of approximately 80 attorneys who study and make recommendations regarding legislation in this area of the law. He is also a member of WealthCounsel and The Advisors Forum, both of which are national collaborative organizations that provide cutting-edge estate planning tools and techniques.

Brian's published article on Dynasty Trusts has been cited on multiple occasions by the U.S. Senate Committee on Finance, Joint Committee of Taxation and a comprehensive asset protection bill for Ohio that he crafted with four of his colleagues signed into law on December 20, 2012. He also co-authored, "FOR OHIO DOCTORS: Shedding Light on Asset Protection, Tax and Estate Planning, the comprehensive resource for all of an Ohio physician's wealth planning needs."

He earned his B.S. in Accounting, Master of Taxation and Juris Doctorate (summa cum laude) from The University of Akron. He is a member of the American Bar Association, Ohio State Bar Association, Florida State Bar Association and Stark County Bar Association, as well as a member of the American Institute of Certified Public Accountants and Ohio Society of Certified Public Accountants.

Brian is very active in the community, serving on a multitude of Boards and Committees, including Akron Children's Hospital Foundation's Roundtable Committee where he and his other committee members provides advice and counsel to the Hospital's Gift and Estate Planning Program.