

# Planned Giving Strategies and Tax Updates for 2020

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# Goals for this Webinar

1. Learn how to **give thoughtfully** during the pandemic and ensure your communities remain strong
2. **Review the CARES ACT and SECURES ACT** tax updates and changes for 2020
3. Common **best practices** for planning your legacy, when to review your estate



# SECURE Act

- Eliminated the maximum age for traditional IRA contributions. Individuals can now contribute to their IRA past the age of 70½, allowing more time to save.
- Changed the required minimum distribution (RMD) age. Donors must now start taking RMDs from their retirement account at age 72, instead of 70½.
  - Notably, donors who turned 70½ in 2019 or earlier must continue to take required minimum distributions.



# SECURE Act

- Eliminated “stretch” distribution rules for IRA and defined contribution plans for most non-spousal beneficiaries. Starting in 2020, non-spousal beneficiaries will have to withdraw the entire amount within 10 years.
  - \*Previously, they could stretch this over their lifetime.
- The law takes effect for deaths of IRA owners after Dec. 31, 2019, so IRAs inherited before then are unaffected.
  - A CGA or CRT could help solve this if a donor is concerned about the 10-year limit.



# CARES Act

*Temporary tax relief act for the year of 2020 to aid the economy and lessen the burden on citizens during the COVID pandemic. **The act will expire on December 31, 2020 if not extended.***

- **Temporarily drops the required minimum distribution (RMD)** from retirement accounts for the 2020 tax year. Qualified charitable distributions (max \$100,000) from retirement accounts are still valid but will not have the additional benefit of counting as an RMD.
  - **IRA owners who like to use their RMD to make qualified charitable distributions (QCDs) may suspend their giving for 2020 and make a larger contribution in 2021.**
  - **QCDs are still a viable option for 2020. Up to \$100,000 qualifies for a charitable distribution.**



# CARES Act

- Created a new universal charitable deduction. This new \$300 deduction is an “above the line” adjustment – **donors can claim it even if they do not itemize**. This tax incentive is available for gifts to qualified charities (and not to donor advised funds). It is only available per “tax filing unit”, meaning a married couple filing jointly is only able to deduct \$300.
- Lifted the cap on annual cash contributions. **Individuals who itemize, may deduct charitable gifts of cash up to 100% of their adjusted gross income (AGI)**, an increase from the typical limit of 60%. Additionally, it raises the limit on corporate giving from 10% to 25% of taxable income.
  - IRA owners, **consider taking a distribution as cash, then donating to your congregation** and eliminating tax for this year.



# Opportunities for Giving

Planning for the future is always important, but especially needed for our congregations and communities now.

- Philanthropic priorities often take a backseat during times of economic hardship; **consider continuing your support** at whatever level you're able.
- Start planning giving opportunities that will **provide for your congregation but offer you financial return** as well.
  - Charitable Gift Annuity
  - Charitable Remainder Trust
  - IRA/Retirement Account Designation
- **Review your estate plan** and leave a gift for the congregation out of your will.



# Revisit Your Will

**An estate plan requires routine maintenance.**

*Don't just set it and forget it.* You should **revisit your will** every three to five years, or at any point the following changes apply to you:

- + **Life changes:** marital status, birth, death, health challenges, relocation, or retirement
- + **Asset changes:** property, inheritance, insurance proceeds, retirement accounts, businesses, or overall changes in your estate's value
- + **Appointee changes:** executors, personal representatives, guardians, attorneys-in-fact, trustees, or health proxies/agents
- + **Legal changes:** federal or state tax rates and regulations, trust or property laws
- + **Gift changes:** charitable support for causes and organizations that are important to you





# Your Questions or Comments



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