



COMMUNITY FOUNDATION BOULDER COUNTY

INSPIRING IDEAS. IGNITING ACTION.™

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*This newsletter is provided for informational purposes only.
It is not intended as legal, accounting, or financial planning advice.*

The CARES Act and Community: Three 2020 Upsides

Silver linings are hard to find this year, but it's worth remembering that the **CARES Act** created important opportunities for your clients to increase their giving to charitable causes.

Keep these three tools in mind as you are assisting clients with year-end tax planning:

- Even for taxpayers who take the standard deduction, a **reduction in adjusted gross income** is available for charitable contributions up to \$300 per taxpayer. Donations to donor-advised funds don't count; nonetheless, this deduction is a great way for clients to help their favorite organizations.
- Individuals who itemize deductions can elect to deduct donations up to 100% of their 2020 adjusted gross income instead of being capped at 60%. For corporations, the CARES Act increased the cap from 10% to 25% of taxable income. (Again, contributions to donor-advised funds and private foundations are not eligible.)
- For many clients, the waiver of the Required Minimum Distribution for 2020 could create an economic incentive to redirect tax savings to charitable giving. And of course, nothing has changed about the rules for Qualified Charitable Distributions, which permit both itemizers and non-itemizers to direct up to \$100,000 from an IRA to qualifying charities without triggering a taxable event.

The Power of Planning: Bundling, Bunching, and Bequests

The significant community needs arising from the events of 2020, coupled with recent tax law changes, make it very important that you help your clients plan their charitable giving strategies.

For the last couple of years, your clients likely have been hearing about a **tax-efficient charitable giving strategy** called "bundling" or "bunching." The popularity of this tool increased significantly under the **Tax Cuts and Jobs Act** provisions that reduced the incentive for taxpayers to itemize deductions on their income tax returns, starting with tax year 2018, because of the now doubled standard deduction. In other words, your clients now have to give a lot more to charity to reap the tax benefits.

"Bundling" or "bunching" can involve using a donor-advised fund to separate the tax event of the charitable gift itself from the financial support of charities. Because contributions to a donor-advised fund at the community foundation are immediately deductible for tax purposes--but not required to be granted out of the fund to charities right away--your clients can "frontload" donations into a donor-advised fund at a level where they will be able to take advantage of itemizing deductions. Then, your client can recommend grants from the donor-advised fund to their favorite charities according to the timeframe that aligns with their targets for providing philanthropic support to community organizations.

Finally, as you are assisting your clients with their charitable plans, now is no time to forget about bequests! **A report** issued by FreeWill cites a 400 percent increase in the number of wills with bequests in March 2020 compared with March 2019. Encourage your clients to think about their legacies, especially as they reflect on the ways 2020 has put a spotlight on just how important it is for communities to be able to rely on sustainable nonprofit organizations to help people in need.



Opportunities For Local Advisors & Reminders

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Experience our philanthropic expertise, personal attention, and local knowledge just like your clients do.

We're offer funds to professional advisors. You can open a fund with a gift of \$2,500.

Contact a member of our Philanthropic Services team today! 303.442.0436

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Our Philanthropic Services Team

At year-end when your clients are doing tax and estate planning, don't forget your Community Foundation Boulder County is here to assist you right through Dec. 31.

Lynda Ricketson, VP Philanthropic Services
Peggy Driscoll, Major Gifts Officer
Caroline Landry, Major Gifts Officer
Brooke Kahl, Philanthropic Services and Communications Assistant

303.442.0436

[More](#)

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Get inspired. Donate here.

Community Foundation Financial Advisor Program

You know your clients. We know philanthropy. **Together, we accomplish more than we do alone, making informed and inspired investments that benefit our community.**

Your Community Foundation's Financial Advisor Program brings together advisors, their clients, and the foundation's responsive and personalized philanthropic advising and services to ensure a great client experience. Your participation creates a distinct advantage: you can manage your clients' assets and meet your clients' tax and charitable goals (the minimum to open a Donor-Advised Fund and manage that fund for your client is \$25K).

To learn more visit [our website](#) or contact a member of our Philanthropic Services team.



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