

# CARES Act

## Changes to Charitable Contribution Limits

### CARES ACT

#### Summary of Relevant Provisions for Advisors and their clients that work with SEI

On March 27, 2020, President Donald Trump signed into law a \$2 trillion stimulus package titled the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The CARES Act is intended to lessen the impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses, by providing various forms of emergency relief. The CARES Act is the third relief package in response to COVID-19 and the largest package in American history. The CARES Act covers a broad range of stimulus measures including:

- tax recovery rebates of up to \$1200 per individual and an additional \$500 per child, subject to limits;
- temporary expansion of unemployment benefits;
- changes to the rules governing employee benefit plans and IRAs, business income, losses and charitable contributions;
- various loan programs and grants for small businesses;
- employment-related tax credits and tax deferrals; and
- loans, grants and other forms of assistance to distressed industries.

This summary focuses on the relevant parts of the CARES Act that we believe are of interest to Advisors and their clients that work with SEI.

#### CHANGES TO CHARITABLE CONTRIBUTION LIMITS

##### Did the CARES Act make any changes to the rules for making charitable contributions?

Yes. The CARES Act makes two important changes to encourage charitable contributions.

First, it creates a new “above the line” deduction for certain charitable contributions. Individuals who do not itemize their deductions (and instead take the standard deduction) can take a deduction for cash contributions up to \$300 made in 2020 to certain charities. Contributions to most public charities qualify for this deduction, but gifts to private non-operating foundations, supporting organizations and donor-advised funds do not qualify.

Second, for individuals who itemize their deductions, it temporarily increases to 100% the adjusted gross income limitation on cash donations to certain charities. This temporary increase applies for 2020 only. Individuals may carry over contributions in excess of the limit to later tax years. The income limit that applies to donations by corporations was increased as well.

Independent Advisor Solutions by SEI, a strategic business unit of SEI Investments Company (SEI).

For additional information regarding the CARES Act, please visit <https://www.congress.gov/bill/116th-congress/house-bill/748/text>

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