



## The Pandemic, the CARES Act, and Gift Planning



Date: April 7, 2020

Time: 1:00 – 2:30 Eastern

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# The Pandemic, the CARES Act, and Gift Planning

## I. CARES Act and Other Tax Changes

- Continuing disruptions and new opportunities

## II. Marketing and Communications

- Now is not the time to stay silent

## III. Accommodating Our Donors

- Engaging donors in difficult times

## IV. Questions and Answers



## I. CARES Act and Other Tax Changes

- Tax Cuts & Jobs Act of 2017
  - Dramatically reduced number of itemizers
- SECURE ACT of 2019
  - RMD age increased
  - Stretch IRA curtailed
- CARES Act of 2020
  - \$300 above-the-line adjustment
  - 100% AGI limit
  - Other provisions



## I. Tax Cut & Jobs Act – December 22, 2017

- Impact of the loss of the charitable deduction
  - 2018: 89% did not itemize, previously about 2/3 did not
  - Giving USA reports individual giving decreased by 3.4%, was less than 70% of total giving for first time in 50 years
  - A trend? Giving USA 2019 due next month, tax return data delayed due to extended filing deadline
- Consider strategies for contributions that can reduce taxable income, even if not deductible
  - Qualified Charitable Distributions (QCDs)
  - With careful planning, gifts of crops, commodities, ordinary income property



## I. SECURE Act – December 20, 2019

- Required Minimum Distribution age increased to 72 (only to be upended again by CARES Act)
  - Primary impact: Qualified Charitable Distributions where donor motivation was to meet RMD
- “Stretch IRA” eliminated for most individuals
  - Questionable impact for charitable gift planning
  - Is testamentary CRT really an alternative?



## I. CARES Act – March 27, 2020

- \$300 above the line “deduction” for non-itemizers
- 100% AGI deduction limit for cash contributions
- Other provisions:
  - Waiver of Required Minimum Distributions
  - Increase charitable deduction limit for corporations
  - Special rule for gifts of food inventory
- Keep in mind: one-year only ... *most likely*



## I. CARES Act - \$300 “Above the Line Deduction”

- \$300 adjustment to income
  - Not a deduction, not the “Universal Charitable Deduction”
  - *Likely includes* \$600 for married filing jointly
- Non-itemizers only ... now ~90% of filers
- Cash gifts to public charities (“50% charities”) only
- Opportunity to open gift planning discussion



## I. CARES Act 100% AGI Limit for Charitable Contributions of Cash

- Existing law: 60% cash, 30% appreciated property to public charities; to private foundations, 30%/20%
- Complex interplay with existing 60%/30% limits, especially for donors who have a carryforward
- For 2020: 100% AGI limit for contributions of cash to public charities ("50% charities") charities only
- No donor advised funds, supporting organizations, *probably not CRTs or charitable gift annuities*
- NOTE: May not be wise choice for high bracket taxpayers with 60%/30% limit with carryforward





## I. CARES Act – Other Provisions

- Required Minimum Distributions waived for 2020
  - One year only, applies to most qualified plans
  - Caution for defined benefit plans where minimum distributions have already started
  - QCDs still work the same as ever
- Increased charitable deduction limit for cash contributions from corporations (if they have profits to contribute)
- Expanded rule for contributions of food inventory



## II. Marketing & Communications: Context

- We only know what we know now, and that may change before your mail arrives
- Marketing is not the same as sales
- Need to acknowledge the circumstances



## II. Marketing & Communications: Plan

- “Wait and see” is not a plan:
  - Have a communications plan, and follow it
  - Keep mission and impact forefront in donors’ minds
  - Avoid leading with death
  - Demonstrate care and relevance



## II. Marketing & Communications: What to Do

- Now is the time to communicate, not fall silent
- Be reactive to planning conversations
- The crisis is not your message, donors do not rely on you for crisis updates, acknowledge but don't dwell
- Preserve your investments in building donor consciousness through continued communications



## II. Marketing & Communications: Messaging

- Adjust messaging to emphasize your organization's relevance and resilience, feature good work that charitable contributions have made possible
- Writing is tricky
  - Donors are concerned
  - Important not to make a mistake



## II. Marketing & Communications: Writing is Tricky

- For certain charities doing direct work

"We understand this is an uncertain and anxious time for everyone right now. All of us at <Charity> hope both you and your loved ones are staying safe and healthy during this crisis. We are working on the front lines of the Coronavirus fight: <program highlights>.



## II. Marketing & Communications: Writing is Tricky

- For charities with expanded missions

“If you want to help us continue our work, please consider a planned gift to <Charity> that will help us continue to battle viruses like COVID-19 in the future.”



## II. Marketing & Communications: Writing is Tricky

- Website copy

“We understand that during this unprecedented time, it’s important to protect what matters most to you and have a plan in place. We hope you will join those who have included <Charity> in their will or trust. A gift in your will protects your family, and at the same time provides that our mission continues in the future.”





## II. Marketing & Communications: Writing is Tricky

- Newsletters / Direct Mail / Email Copy

"We recognize that with the constantly changing COVID-19 situation around the world, this is an unprecedented time for everyone — a time that, for many, is filled with uncertainty. Our hearts and thoughts go out to each and every one of you. Yet in times like these, we believe it is still important to provide you with helpful, interesting, and thought-provoking information about how you can help ensure our work continues in the future."



## II. Marketing & Communications: the Fundamentals

Mission, Mission, Mission, Community, Relationships



### III. Accommodating Donors

- This time is different:
  - Economic recession limits donors' ability to give
  - Simultaneous pandemic limits our opportunity to ask
- People are placing a higher value on personal relationships, while trying to make sense of chaos
- May be seeking ways to be involved, *after their own needs are secured*



### III. Accommodating Donors

- Need to maintain personal contact, but adapt to the challenges of fewer face-to-face opportunities
- Invest in regular personal contact, “voice-to-voice” contacts: check-in by telephone, send a personal video, help the donor learn to master video calls
- Prepare for voice-to-voice meetings as you would have for a face-to-face meeting
- Opportunity to increase number/frequency of visits
- May need to adjust metrics to recognize value of these calls



### III. Accommodating Donors

- Openly acknowledge the context – if you don't, they'll wonder why you didn't and won't hear you
- Be willing to listen, be prepared for emotions
- Be cautious about introducing end-of-life topics, but be open to the discussion
- Without pushing, be prepared with examples: how you and your organization are adapting, how relevant your organization is today



## IV. Concluding Thoughts

"Do what you can,  
with what you've got,  
from where you are."

Squire Bill Widener  
as quoted by  
Theodore Roosevelt



## IV. Questions?

- To ask a question:
  - Click plus sign next to “Questions”
  - Type question in “Enter a question for staff” box
  - Click Send





## IV. Still Have a Question?

Contact: Gary Pforzheimer

Email: [gary@pgcalc.com](mailto:gary@pgcalc.com)

Phone: 888-497-4970





## IV. Resources

Web links:

["CARES Act Includes Charitable Giving Incentives"](#) (03/27/20)

["Planned Giving Marketing and the Novel Coronavirus"](#)  
(03/16/20 – NOTE: prior to when many stay-at-home orders  
were issued)

["60% AGI Deduction Limit on Cash Gifts More Complicated than  
Many Realize"](#) (10/29/2018)

["Limitations on Income Tax Charitable Deductions – Simple and  
Complex Aspects"](#) (08/03/18)