

Charitable Giving Incentives 2020

Your donation is an investment in changing lives!

As Christians, we recognize everything we have comes from God. We are called to share these gifts to advance His Kingdom, such as providing a Catholic education to a student that may not otherwise be able to attend or supporting the mission and ministries at your parish or in the diocese. Through our gifts we demonstrate in a tangible way our love for God and one another.

An Approach to Giving

- Begin with prayer. Thank God for your blessings and ask for guidance and discernment.
- Assess your income and giving. Determine your current giving as a percentage of your income.
- Set your giving goal. The important thing is to begin the spiritual discipline of regular, consistent giving.
- Determine your giving method. Take a look at the ways you can give and select the option that is best for both you and the church.
- Worship with gratitude knowing that *His Will is our Peace* and we are participating in the Great Commission to *Go Make Disciples!*

Listed below are incentives that may maximize your charitable gifts this year.

Qualified Charitable Distribution from an IRA

Individuals age 70 ½ and older can make distributions from \$1 up to \$100,000 a year to non-profit (501c3) organizations, such as your parish, Catholic school and diocese, directly through their IRA at any time. **Even though required minimum distributions (RMD) are waived for 2020, you can still make a tax-free contribution from your IRA.** Contact the custodian of your IRA for a list of the necessary steps.

Empower Illinois – Tax Credit Scholarship Program

Many families are struggling to keep their children in Catholic education especially during the Covid Pandemic, so now more than ever your support may be what allows a child to continue receiving a faith-based and high-quality education that will prepare them for a successful future.

Donors can provide scholarships for low-income K-12 students and **receive a powerful 75% credit on their Illinois state taxes** through the Invest in Kids Tax Credit Scholarship (TCS) program. This is also an opportunity to redirect your state tax dollars from the State of Illinois to your local Catholic School. Empower Illinois is the state's largest Scholarship Granting Organization (SGO) that can administer this program and is the SGO used by the Diocese of Peoria as well of all the Illinois dioceses. Please reach out to the Empower Illinois Donor Helpline (donors@empowerillinois.org or 800-616-7606) with your questions. For further information, visit www.empowerillinois.org or contact the Office of Catholic Schools at the Diocese of Peoria at 309-671-1550 or sstolt@cdop.org.

The following charitable giving incentives are through the CARES Act

Above the Line Deduction

A reduction in taxable income is available in 2020 for donors who do not itemize their deductions, i.e., an “above-the-line” adjustment to income that will reduce a donor’s Adjusted Gross Income (AGI) and consequently taxable income. The adjustment is available for cash gifts up to \$300 per taxpayer or \$600 for a married couple filing jointly.

The deduction is not available for gifts to private foundations, donor advised funds (DAFs), supporting organizations (SOs) or for cash deductions carried forward from prior years. And this deduction is not available for noncash gifts such as appreciated stock. This new universal deduction will encourage the great majority of taxpayers who do not itemize to make more cash gifts in 2020.

New 100 percent AGI limit for 2020

A 100 percent AGI limit is available only in 2020 for cash gifts to public charities by those who itemize. This limit does not apply to carry-over deductions from years prior to 2020. Gifts to DAFs, SOs and private foundations are not eligible for this special election.

The 100 percent limit is reduced dollar-for-dollar by other itemized charitable deductions. This means that in 2020, a donor who deducts 30 percent of AGI for gifts of long-term appreciated property and elects the 100 percent of AGI limit for qualified cash contributions will be able to also deduct up to 70 percent of her AGI for qualified cash gifts, a total deduction of up to 100 percent of AGI.

A donor who makes the 100 percent of AGI election can carry over unused deductions up to five additional years. The carry-over deduction will be subject to the regular 60 percent of AGI limit.

Because federal income tax rates are progressive, it may not always be to a donor’s advantage to make the 100 percent of AGI election. Donors in the highest federal tax brackets could generate better overall tax savings by using the 60 percent AGI limit and carrying over the excess deduction to the next year. Donors should consult their tax advisers to determine whether the 100 percent election is best.

If you are interested in other ways to donate, please contact your local parish or the Office of Development and Stewardship (309-671-1550) or development@cdop.org at the diocese.