

*Thank you. As 2020 comes to a close, we want you to know we are grateful for you, and all our supporters, who make giving to Metropolitan State University a priority at year-end. The past year has been challenging. For many of us, we feel anxious and lonely while we pause everyday life and adapt to a “new normal” designed to limit the spread of COVID-19. We’ve missed seeing you and your fellow alumni in person!*

*This year, we’ve also seen resilience—from our students that push forward to graduation to alumni like you who faithfully give and volunteer time. We know that you, and the students that follow you, will continue to be a transformational force in our community, our country, and the world.*

### Year-End Giving and the CARES Act

We know many of you take this time of year to reflect and make your annual contributions. This year, there are new benefits to consider as you balance your financial goals and support your favorite nonprofits. This edition of the *Legacy Bulletin* provides an overview of the new incentives authorized with the passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and how they might impact your plans in 2020 and beyond.

### What Is the CARES Act?

The CARES Act is a \$2.2 trillion economic stimulus package signed into law on March 27, 2020. The Act is far-reaching and contains many different elements to provide economic relief to individuals and businesses facing hardship due to the current pandemic. One piece of the Act provides new charitable giving incentives. Our legislative leaders acknowledged how vital philanthropy is during this crisis by including an expanded charitable giving incentive. The Act better enables you to support the work and students at Metropolitan State University, propelling our community to a bright future. The Act is the first time that Congress has passed this type of giving incentive in response to a disaster or national emergency, so we want to make sure you have the details as you think about your 2020 year-end giving.

### How Does the CARES Act Impact Philanthropic Giving in 2020?


#### 1. New Charitable Gift Deduction Available

The CARES Act provides a new charitable-giving deduction that is available to those who choose the standard deduction method of filing their taxes—i.e. you are one of 90% of taxpayers who don’t itemize your deductions. The Act provides a deduction up to \$300 per taxpayer for charitable cash contributions as an “above the line” adjustment to income. This reduces your Adjusted Gross Income (AGI), and as a result, reduces overall taxable income. All you need to do to be eligible for this deduction is to make a contribution between January 1 and December 31, 2020 to a qualified public nonprofit. Donations to donor advised funds and private foundations are not included.

#### 2. Expanded Charitable Deduction Limits in 2020

For those who do itemize deductions on your tax returns, the CARES Act also provides expanded charitable deduction limits for both businesses and individuals.

In 2020, individuals can deduct cash contributions to qualifying organizations for up to 100% of their AGI. This is expanded from the previous limit of 60% of AGI. Businesses may deduct up to 25% of taxable income, up from the previous limit of 10%. This expanded deduction is for cash gifts that are provided to a public nonprofit. If you choose



to give cash to your private foundation or donor advised fund, the old deduction rules still apply. Also, because the expanded charitable deduction limit only applies to cash gifts, it does not apply to gifts of appreciated stock.

If your assets are substantial enough that you can give more than your adjusted gross income this year, you won't lose the deduction for the excess amount. As it was under the previous deduction rules, you can still use the excess amount as a deduction when you file your taxes next year.

### **3. Suspension of Required Minimum Distributions in 2020**

Giving directly from one's IRA has been an attractive way to make a significant charitable gift. An IRA owner generally must take a required minimum distribution (RMD) from a retirement account when that owner reaches a certain age (either 70 ½ or 72 years of age). A gift directly from an IRA (excluding a SEP or SIMPLE IRA) to a qualified nonprofit serves as a qualified charitable distribution (QCD). Amounts distributed as a QCD can be counted toward satisfying your RMD for the year, up to a maximum of \$100,000, and can be a tax-wise choice for making a contribution.

With the passing of the CARES Act, RMDs have been waived for 2020 to help retirement accounts recover from potential stock market losses. This includes distributions from IRAs as well as 401(k), 403(b) and 457(b) plans.

While you may not be required to take your RMD for one year, you can still direct a QCD to charity in 2020 (up to \$100,000 per individual) to reduce your taxable IRA balance. This allows all taxpayers—itemizers and non-itemizers alike—to direct gifts from their IRA to nonprofits of their choice in a tax-efficient manner.

Additionally, a benefit of the expanded charitable deduction limit to 100% means a taxpayer who has attained age 59 ½ can, in effect, make a tax-free rollover of any amount to a charity in 2020. This can be accomplished by making a taxable withdrawal from an IRA that will be included in income, and then giving the cash to a public charity, thereby offsetting the income completely by the charitable deduction. For all years other than 2020, the only way to transfer a large IRA to charity without triggering income tax was generally at death. But in 2020, the IRA can sell its assets and distribute the cash proceeds to the IRA holder, who can then give them to charity and deduct them up to 100% of AGI (or beyond if the excess is carried over to subsequent years).


### **What Else Should I Consider as I Evaluate my Year-End Giving Options?**

#### **1. Review your investment portfolio**

Now can be a great time to review your investment portfolio. It is especially worth looking at the stocks you have held for more than a year to identify those that have appreciated in value. Which ones have appreciated the most? It could be wise to make your year-end gift using one or more of these stocks.

Here's why: If you sold the stock, you would incur capital gains tax on the appreciation. However, if you give the stock to Metropolitan State University Foundation, and we sell it, you avoid capital gains taxes. You receive a charitable deduction for the full fair market value of the stock (subject to the deduction limits), just as you would if your gift was made with cash. If you can't use all of the income tax charitable deduction resulting from the gift, you can carry it forward for up to an additional five years. The annual deduction limit for appreciated securities is 30% of AGI.





On the flip side, giving depreciated securities may benefit you as well. If you own securities that are worth less now than when purchased them, you can sell them and contribute the cash proceeds to Metropolitan State University Foundation. This way, you can take a capital loss on your tax return, which you can't do if you give those securities directly to Metropolitan State University Foundation.

## 2. Review your estate plans

Today's uncertainty has caused many of us to re-examine our wills and estate plans to ensure they still reflect how we would like our assets distributed. As you review your year-end giving strategies, now is also a great time to ensure your estate plans reflect your values and priorities. Do the distributions in your plans reflect your current goals? It is never too early or too late to reevaluate and update these plans and reflect on the legacy you wish to create. You may have the opportunity to make a transformational gift to Metropolitan State University through your estate while still providing for loved ones.

## What is the Last Day I Can Make a Contribution in 2020?

It depends on your gift. If you're contributing by credit or debit card, you have until 11:59 p.m. on December 31. Your credit card must be charged in the same tax year that you want to claim a deduction. The easiest way to give with a credit or debit card is at [www.metrostate.edu/give/give-now](http://www.metrostate.edu/give/give-now). If you are mailing in a form with your credit card information on it, please mail several days before December 31 to ensure we process your gift before the end of the year.

If you are mailing a check, the contribution date is indicated by the postmark. Hence, if the envelope is postmarked by December 31, the gift is credited to 2020 regardless of when we receive it. The postmark is the key to your deduction and not the date on the check. If you are making a gift of stock, the gift date is the delivery date, meaning the date the funds are reflected in Metropolitan State University Foundation's brokerage account, not the date you instructed your bank or broker to make the transaction. Electronic transfers can be greatly affected by volume—to ensure Metropolitan State University receives your gift of stock by December 31, start your transfer several days in advance.

## We Can Help

For many of us, this is the time of year that we reflect, review our finances, and make choices about the impact we would like our philanthropy to have this year. We want to empower you with the information you need to do your best giving, while also maximizing your tax-savings. As we reviewed here in the *Legacy Bulletin*, with the CARES Act, there are several new giving incentives to consider in 2020—for cash gifts large and small. If you make contributions in 2020 and do not itemize, you can take advantage of the \$300 charitable gift deduction. And if you are in a position to make a larger cash gift this year, you can deduct 100% of your adjusted gross income. Regardless of your giving this year, now is a good time to review your estate plans to make sure they reflect your current wishes for your loved ones and legacy.

We would be delighted to connect with you and your advisors to discuss how your gift to Metropolitan State University Foundation can be maximized and have the impact you want. If we can help in any way, please contact us by returning the enclosed card or by contacting Rachel Hughes via phone or email, information below. There is no obligation. Information shared or questions asked will be held in the strictest confidence.

## Talk to Your Advisors

Before making any significant gifts to Metropolitan State University Foundation or another nonprofit organization, you should consult your CPA, attorney, and/or financial advisor to understand the impact of your gift on your income tax return and estate plans.

Rachel Hughes, Development Officer  
[rachel.hughes@metrostate.edu](mailto:rachel.hughes@metrostate.edu)  
612-499-8754

Metropolitan State University  
700 East Seventh Street  
Founders Hall, Room 148  
Saint Paul, MN 55106

## Here's How You Can Start Changing Students' Lives

### Become a Metro Micro-philanthropist

Create a Metro Micro-scholarship fund through the Metropolitan State University Foundation. Our family created the Lukaszewski Family Professional Development Fund, which helps give students a competitive advantage in the workplace prior to graduation. Here's the proof, our family receives letters like these throughout the year:

**Student 1:** "I'm a Management Information Systems major at Metro State University, graduating in the Spring of 2021. My dream is to work for the US Navy as a cybersecurity specialist. I would like to use the Lukaszewski Family Professional Development Fund to enroll in special security courses and take a certificate exam which is mandatory for cybersecurity analyst positions."

**Student 2:** "I am sincerely honored to be selected as a recipient of the Lukaszewski Family Fund. The grant allows me to attend The Society for Personality and Social Psychology's annual convention in New Orleans. I expect to bring home firsthand information about subjects on the leading edge of research breakthroughs and to begin making professional contacts in the very industry I will be joining in a few months."

**Student 3:** "I plan to use the funds from your grant to continue my education to achieve the Hmong interpretation certification program with the Minnesota Judicial Branch this fall."

You too can receive letters like these—that validate the impact you can have on student lives and futures—and establish a legacy for yourself or your family. It's very affordable; the Foundation handles the administration and screening. And you know you're making an extraordinary contribution to a student's life. Become a Metro Micro-philanthropist through the Metropolitan State University Foundation.



If you're interested, call the Foundation, and they'll arrange to talk to you about it. If you'd like, they can arrange for you to talk to me. I'd love to talk about this with you.

#### The Lukaszewski Family

Jim, '74, Barbara\*, James Moir, and Charles Todd

*\*Barbara died in 2019 and her legacy lives on; gifts in her memory continue to benefit Lukaszewski Family Professional Development Fund recipients.*