

# FORDHAM PREPARATORY SCHOOL

*Faith, Scholarship, Service*

## The Consolidated Appropriations Act (CAA)

The Consolidated Appropriations Act (CAA) was signed into law on December 27, 2020. It extends the additional tax incentives that the CARES Act created for charitable gifts.

While the health and wellbeing of our community is our top priority, our Development office is open as a resource for donors considering making an impact during these unprecedented times.

The Consolidated Appropriations Act (CAA) replaces the expired CARES Act, which was created to help individuals businesses, and nonprofits facing economic hardship during the coronavirus pandemic. While many giving options and opportunities have not changed, there are a few key points to note:

### **TAX INCENTIVES**

The CAA continues the CARES Act provision to allow full tax deductibility for all cash gifts up to \$300 regardless of whether you itemize or not, and expands it to \$600 for married couples filing jointly. For individuals who do itemize, gifts to Fordham Prep are now tax deductible up to 100% of your adjusted gross income (up from 60% in previous years). While \$300 may seem like a small gift, we know that gifts of all types and sizes combine to have a huge impact and every gift is appreciated.

Note: The CARES Act suspension of Required Minimum Distributions has not been extended into 2021.

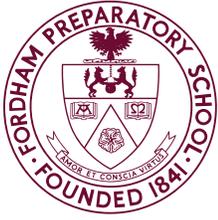
The CARES Act waived required minimum distributions(RMD) for the 2020 tax year. That waiver has not been extended. Many of you have used your RMD to make a qualified charitable distribution from your IRA directly to Fordham Prep and that remains a beneficial option.

### **A GIFT FROM YOUR IRA IS A GREAT OPPORTUNITY**

If you are 70 1/2 or older, you can make a gift from your IRA or name the Prep as a beneficiary.

- Fordham Prep will benefit from your gift today; you can see your generosity in real time.
- You pay no income taxes on your gift. The transfer generates neither taxable income nor a tax deduction, so you benefit even if you do not itemize your deductions.
- Since the gift doesn't count as income, it can reduce your annual income level. This may help lower your amounts that are subject to tax.

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## **OTHER STRATEGIC GIVING OPTIONS**

**Donor-Advised Fund:** distributing funds already in your donor advised fund (DAF) doesn't affect personal financial security, so you can give to the Prep without worry

**Bequests:** designating the Prep as the recipient of a specific amount or percentage has no impact on you now, but will have a large impact on the Prep later

**Beneficiary:** including the Prep as a beneficiary of a life insurance policy, 401(k), or other retirement account is always an easy way to plan a gift

**Charitable Gift Annuity:** establishing a CGA with the Prep guarantees fixed payments to you (and may offer a particularly attractive percentage rate)

## **YOUR CHARITABLE INTENTIONS**

We're grateful for your support. Planned gifts help sustain our ability to enhance the Prep's tradition of excellence while providing for future generations of students.

As always, we suggest you consult a qualified tax, legal or accounting advisor before making a new gift commitment.

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