

Dear Parishioner,

Throughout these difficult months of 2020, we are so grateful for your support of our staff and your generosity to our parish. We are especially grateful for your continuing gifts to support our mission to continue the work of Jesus in our parish family and beyond.

The following was shared with me by others in the diocese. As you may be aware, in March of this year the Federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). However, many are not aware that the CARES Act provides some additional tax benefits to those who donate to their local parish and other charitable organizations in 2020.

First, the CARES Act includes a new charitable tax deduction for the 90% of taxpayers who claim the standard deduction to determine their taxes. This new benefit allows an “above the line” deduction for up to \$300 per taxpayer (\$600 for a married couple) in annual charitable contributions. This deduction reduces a taxpayer’s adjusted gross income (AGI), and thereby reduces taxable income. \$300 or more, especially when multiplied by a number of parishioners, has the potential to make an incredible impact in funding our ministries.

Second, for taxpayers who itemize deductions, the new regulations allow for donations to be deducted up to 100 percent of your 2020 AGI (up from 60 percent previously). There are not many people with the ability to donate most of their income to charities, but for those who do, they can now get an increased Federal income tax deduction for qualified charitable contributions. In addition, the limitation on corporate donors has been increased from 10 percent to 25% of taxable income. As always, the rules for charitable giving must be followed.

Finally, IRA required minimum distributions are waived in 2020 for most people. Required minimum distributions (RMD) that would have had to start in 2020 do not have to start until 2021, including distributions from defined benefit pension plans and 457 plans. Even so, making a Qualified Charitable Distribution (QCD) from your IRA this year will allow itemizers and non-itemizers alike to direct up to \$100,000 from an IRA to their local parish and other charities in a tax-efficient manner. The takeaway: donors directing a QCD to charity this year (up to \$100,000 per individual) will still reduce their taxable IRA balance.

Again, we are grateful for your generosity, especially in a year that has been a challenging one for all of us. I encourage you to discuss with your tax professional or accountant how these tax incentives may help you to continue your support for the charitable organizations about which you care the most, including our parish. If you have question about this opportunity to provide an end of year gift that benefits you and your parish please contact Kristin Thompson at newmanbhsu@stjosephspearfish.com or Tami Ragels at tami@stjosephspearfish.com, or by phone at 605-642-2306.

Fraternally in Christ,
Msgr. Michael Woster
Pastor