

Donor Relations & Year-End Fundraising Checklist 2020

In a year with many unexpected surprises and challenges, there is a bright spot: donors are activated. According to the Chronicle of Philanthropy, 36% of donors plan to give more this December and 44% plan to give the same amount as in 2019. Of those who are giving more, 61% have already given more in 2020 than in 2019.

Given the turbulent year, it is particularly timely for all nonprofit leaders to become philanthropic advisors to their donors. Below are four tips for nonprofit leaders, fundraisers, boards and constituents to consider in order to make the most of these uncommon circumstances:

1. For those itemizing their charitable deductions, the CARES Act allows for cash gifts to public charities to be deducted up to 100% of Adjusted Gross Income (AGI) for 2020 only. For donors choosing the standard deduction for 2020, the CARES Act provides for a 100% deduction for donations up to \$300.

Tip: Make sure your integrated marketing and online giving processes are ready for Giving Tuesday (12/1/20) and the Holiday Season to capture this momentum easily.

2. Many donors are balancing cash gifts for year-end 2020 with giving qualified, appreciated stock to their donor advised funds, foundations or charitable trusts for deployment in 2021 and beyond.

Tip: Given the uncertainty around future tax policy, it's the right time to discuss blended gifts. The timing of multiple gifts, including maximizing cash giving in 2020 plus potential tax and capital gains savings in 2021 by granting qualified, appreciated stock, is a conversation most donors want to have right now.

3. Anyone over 70.5 years old with either a Roth or Traditional IRA can distribute up to \$100,000 to a public charity (not private family foundation or donor advised fund) without paying income tax on the distribution. As part of the CARES Act, most individuals do not have to take a required minimum distribution in 2020. Additionally, many donors will choose the standard deduction for their 2020 taxes, which means they will not itemize individual charitable gifts. The IRA charitable rollover reduces income and would not be itemized anyway.

Tip: This year provides a unique opportunity for your donors to convert a traditional IRA to a Roth IRA and simultaneously gift cash to a public charity, thus offsetting the income tax liability of their Roth Conversion by taking this one-time maximum deduction for cash gifts in 2020.

4. The date of the donation, recorded as of the date the money is received via wire or the postmark date on a mailed check, is important to remember.

Tip: For your donors' tax filing purposes, be mindful of the below dates:

December 1, 2020 Recommended date to initiate gifts of qualified, appreciated stock or wire transfers.

December 4, 2020 Recommended date to initiate an IRA Charitable Rollover

December 31, 2020 The last day charitable contributions can be made and be tax deductible for 2020.

Reflecting on the many lessons of 2020, resiliency stands out as critical. Creating a resilient team, program, mission and organization requires strong partnerships. Engaged and committed donors are the most important partners to cultivate with transparency and expert guidance. The complex tax and legislative environment provides an ideal opportunity to strengthen donor relationships now and for the long term.

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