

## A Useful 2020 Tax Deduction - Transcript

**Tom Mullooly:** In episode 222, we talk about a useful deduction that you can take this year. So stick around.

Welcome to the Mullooly Asset Show. I'm your host, Tom Mullooly, and this is episode number 222. Thanks for tuning in. We're recording this on Giving Tuesday. We have Black Friday and then Cyber Monday. The next day is Giving Tuesday, and it's a good reminder to everybody to think about your fellow man. So the problem that we have is that the 2017 tax law really streamlined deductions for a lot of people. And you don't want to, I mean, you want to help people, but you also want to think about the financial aspect of it too. It's no surprise in 2020, there's a lot of people who are struggling with the recession and the pandemic. However, if you're in a position to help your fellow, man, there's now a way where you can do something.

Enter the CARES Act. There's a couple of goofy provisions in the CARES Act that came out this year in light of the pandemic that lets people take money. One in particular provision, lets people take money from their retirement account at work while they're still working. Think about how extraordinary this is. We've run into situations where people have come to us and they're like, "I have some real financial problems. I have a spouse that's not working, out of work. I'm out of work," whatever. And they've got a pile of money sitting in their 401(k) at work and I can't do anything about it. So this is really extraordinary that this money is now available. It is going to be taxable. It is last resort money. So you have to be super careful about tapping into it.

But there's another provision under the CARES Act that allows people to deduct charitable gifts. Now I just want to spend a moment talking about these two different factors. The first one is normally when you make charitable gifts, depending on your tax bracket, you can usually write off, the net result is something like 50% or 60% of your gift is allowed to be written off. You have to be able to itemize and it has to be something that's really going to make a dent in your numbers. This year under the CARES Act, they are now allowing people to deduct gifts up to 100% of their adjusted gross income. That's really unusual. So they've lifted those limits.

The second thing, and this impacts everyone, is they've created an above the line deduction of \$300. What that means is whether you itemize your taxes or not, you can make a deduction to a charity of your choice up to \$300, write the whole thing off. It doesn't matter if you itemize or not. So look, \$300, not a gigantic amount, but every little bit helps. And now everyone can make a charitable deduction and everybody can make a donation and still get a deduction.

We've got a few local charities that we support here. I'll mention St. Vincent DePaul Society of St. Rose Parish in Belmar and also Fulfill, which is the Monmouth County food bank. We'll link to both of these organizations in the show notes. But just something to think about between now and the end of 2020, while this CARES Act is still in place, consider making a gift to your favorite charity and you can get a deduction.

That's the message for episode 222, not room 222. That was a pretty lousy show in the '70s. Anyway, thanks again for tuning in and don't forget to hit that red subscribe button down below. Thanks.