

Qualified Charitable Distributions (QCD)

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There are many reasons to explore the potential tax benefits of Qualified Charitable Distributions (QCDs) if:

- You are at least 70 ½ years of age
- You must take Required Minimum Distributions (RMDs) from your Individual Retirement Arrangement (IRA)
- You plan to donate to a qualified charitable organization such as a §501(c)(3) organization

A QCD is a distribution made directly by the Trustee (at your direction) from your IRA to a qualified charitable organization. Examples of such organizations are: government agencies, churches and other religious institutions, animal welfare agencies, and educational institutions. *Before making any charitable contribution, confirm the organization you intend to donate to is a qualified charitable organization.*

You must be at least 70 ½ years of age when the distribution is made, and your total QCDs can be as high as \$100,000 in a given year. If all of the requirements are met, a QCD is nontaxable to you, and no charitable contribution deduction is claimed on Schedule A.

If you are required to take RMDs from your IRA, and you are planning to donate to a charity, consider requesting a transfer of funds directly from your IRA to a qualified charitable organization, and you will potentially decrease the total tax due on your return.

Doing this will decrease your Adjusted Gross Income (AGI). Benefits of a lower AGI could help you in several ways:

- If your itemized deductions (on Schedule A) are limited due to high AGI, it may be this limitation will not apply since your AGI is reduced.
- The additional Medicare Tax of 3.8% may be reduced.
- The amount of Social Security benefits that are taxable to you may be reduced.

Please communicate the transaction to your Tax Manager when you provide your tax information to us. It is important that this transaction is structured correctly to get a tax benefit, so please contact your Tax Manager for more information on QCDs.