

IRA Qualified Charitable Distributions (QCD)

2018 Tax Year

An Individual Retirement Account's (IRA) Required Minimum Distribution (RMD) sent directly to a qualified charity will allow an IRA owner age 70 ½ or older to exclude the distribution from their federal taxable income.

How to make a QCD?

- IRA Owner must be 70½ or older
- A QCD must come from a Traditional, Rollover or Inherited IRA. The maximum annual amount which can be given is \$100,000 per taxpayer (Spouses are permitted to each give a maximum of \$100,000 provided that the participating spouse is at least 70 ½ and the QCD RMD is made from their respective IRA).
- The distribution must be transferred directly from the IRA custodian to the charity
- Donation must be made by December 31st
- Charity must be a 501(c)(3) organization



Potential benefits?

- Elimination of federal income taxes to be paid on RMD
- Itemized charitable cash gifts are limited to 60% of AGI. No limit when RMD is used
- Lower AGI, thereby:
 - Reducing taxation on the IRA owner's Social Security
 - Potentially mitigating the Medicare high-income surcharge
 - Leveraging deduction for medical expenses
 - medical expense must exceed 7.5% of AGI for itemized deduction
- Receive the charitable contribution tax benefit, even if the IRA owner does not itemize
- Fulfill philanthropic desires