



## **Charitable IRA Distributions: A Great Opportunity**

The qualified charitable distribution (QCD) has been around for years, but was only codified as a permanent law a few years ago. A QCD allows those of age 70½ to give money to charities directly from their IRAs in a tax advantageous manner. This allows IRA owners who have attained age 70 1/2 to distribute money directly from the IRA to a qualified charity. Total annual QCDs from all IRAs cannot exceed \$100,000 for an individual. Spouses can each make up to \$100,000 of QCDs.

Making a QCD as opposed to a normal charitable gift has two main advantages. First, a QCD counts toward satisfying the individual's required minimum distribution (RMD) for that year. Second, the distribution is excluded from the taxpayer's income. It is this second benefit that really shines under the new tax bill. With very few individuals expected to itemize (some estimates say around 5% of filers), the income tax deduction for contributions to charities will be lost for many people. However, if you make a QCD, you get a full exclusion of that income from taxes. So, for any retiree that is 70 1/2 or older, owns an IRA subject to RMDs, and is charitably inclined, a QCD really works out as a way to preserve an income-tax-reducing charitable deduction under the new tax law.

The important points to remember. The charitable distribution must be:

- From a traditional IRA or a Roth IRA;
- Direct from the IRA trustee to the charitable organization— with no intervening possession or ownership by the IRA owner;
- On or after the IRA owner has reached age 70½; and
- A contribution to an organization that would qualify as a charitable organization under Sec. 170(b)(1)(a), other than a private foundation or donor advised fund.

