



RCDA

OFFICE of STEWARDSHIP &
DEVELOPMENT

Charitable Gifts from an IRA

** Information provided by Merrill, a Bank of America Company **

If you are age 70½ or older, give directly from your IRA

Another way to give to a qualified charity, if you're age 70½ or older, is to give directly from your traditional IRA. (Donations can also be made directly from your Roth IRA and, in limited circumstances, from a SIMPLE IRA or SEP IRA to which no employer contributions are being made.) You generally can donate as much as \$100,000 directly from your traditional IRA to a qualified charity without being taxed on that distribution. It's worth noting, that because you are not taxed on a QCD (qualified charitable distribution), you cannot claim the donation as a tax deduction and contributions to donor-advised funds do not qualify for this tax treatment.

"If you are age 70½ or older, donating money directly from your IRA to a qualified charity can count toward your annual required minimum distribution (RMD) and is generally not included in your taxable income," says Debra Greenberg, director, Retirement and Personal Wealth Solutions, Bank of America. This method allows you to give more efficiently than if you simply took the IRA distribution yourself, paid taxes on it and then donated whatever you were left with, Greenberg says. But be aware that qualified charitable distributions made directly from your IRA are not tax deductible when you file your federal income tax return. You should discuss this strategy with your tax advisor.

IMPORTANT:

- Funds must be transferred directly from your IRA custodian to the qualified charity. This is accomplished by requesting your IRA custodian issue a check from your IRA **payable to the charity, in this case *Diocesan Appeal, your parish, your Catholic school, etc.*** You can then request that the check be mailed to the charity, or forward the check to the charity yourself.

Note: If a distribution check is made *payable to you*, the distribution would NOT qualify as a QCD and would be treated as taxable income.

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