

Planning Strategy: Charitable Gifting from an IRA

Since 2006, IRA owners who are at least 70½ can make a Qualified Charitable Distribution (QCD) of up to \$100,000 directly from their IRA to a charity without having to include the distribution in taxable income. As a result of the late-2017 tax law passed by Congress, the Tax Cuts and Jobs Act (TCJA), the QCD strategy has become even more valuable to taxpayers.

SUMMARY

- ❑ If you are age 70-½ or older by the end of 2019, and have traditional IRAs, consider making 2019 charitable donations from your IRAs via Qualified Charitable Distribution (QCD).
- ❑ QCDs are **made directly to charities from your IRAs**, and the amount of the contribution is neither included in your gross income nor deductible on Schedule A, Form 1040 (working particularly well for those taxpayers that will not itemize deductions in 2019 as a result of more individuals electing the standard deduction under the TCJA).
- ❑ The amount of the qualified charitable distribution reduces the amount of your required minimum distribution (RMD), resulting in further tax savings.

OTHER ADVANTAGES

As a result of donating through a QCD from your IRA:

- Income taxes on Social Security benefits could decrease;
- AGI limitations trimming itemized deductions (including Medicare premiums or for the Pease limitation on itemized deductions) may be lower; and
- Medicare insurance premiums can decrease.

QCDs help lower taxes, allowing the IRA beneficiary to avoid taking possession of the funds and the associated tax bill that comes with them. Importantly, required minimum distributions (RMDs) are satisfied for the year when the QCD is made.

There is still time to act before year-end. Please let us know if you have any questions or if you would like to discuss your situation (804-325-1450).

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