Qualified Charitable Distributions (Also referred to as Charitable IRA Rollover Gifts)

Did you know the gift of a Qualified Charitable Distribution (QCD) benefits donors aged 70½ and up?

The Qualified Charitable Distribution (QCD) is an excellent way to show your support for Zion Lutheran Church of Wayside and receive tax benefits in return. As you plan your required minimum distributions (RMD), consider using your IRA account to make the most of your charitable giving. You receive a tax benefit even if you take the standard deduction!

Of note: while the new SECURE Act has raised the age to 72 for Required Minimum Distributions, donors may still make QCD gifts starting the year they turn 70½.

It’s important to consider your tax situation before deciding whether to make a charitable contribution from your IRA. Be sure to share this gift plan with your financial advisor and tax advisor.

For more information, please contact Hazel Loppnow (Board of Stewardship) or Wendy Hoeft (co-Treasurer) at 920.676.7100.

## To Qualify

You must be 70½ or older at the time of gift.

Distributions must be made directly from a traditional IRA account by your IRA administrator to the Zion Lutheran Church of Wayside.

Gifts must be outright, meaning they go directly to the Zion Lutheran Church of Wayside. Distributions to donor-advised funds or life-income arrangements such as charitable remainder trusts and charitable gift annuities do not qualify.

Gifts from 401k, 403b, SEP and other plans do not qualify. Ask your financial advisor if it would make sense for you to create a traditional IRA account so you can benefit from an IRA Qualified Charitable Distribution.

## Tax Benefits

IRA Qualified Charitable Distributions are excluded as gross income for federal income tax purposes on your IRS Form 1040.

The gift counts toward your required minimum distribution for the year in which you made the gift.

You could avoid a higher tax bracket that might otherwise result from adding an RMD to your income.

Example:

John is 72 years old and wants to make a gift to the Zion Lutheran Church of Wayside. He has $500,000 in his IRA and wants to gift $20,000. He can authorize the administrator of his IRA to distribute $20,000 to the Zion Lutheran Church of Wayside. Because the IRA Qualified Charitable Distribution is excluded from income, John will not be eligible for a charitable income tax deduction — but he still receives tax savings. The $20,000 distributed to the Zion Lutheran Church of Wayside will be counted toward his annual minimum required distribution and he will not pay income tax on the portion given to the organization.

Important Notes:

If your administrator provides you an IRA checkbook, please note that the date of your QCD is NOT the date you send the distribution check, but the date that your IRA administrator transfers the funds to the charity. If you want your distribution check to be credited toward the current tax year, it is critical that you mail your check several weeks before the end of the year to ensure there is time for the check to be received by common reporting standards (CRS) and to clear your account. This is especially true if you are relying on those gifts to fulfill your required minimum distribution.

The gift planning information presented in the newsletter or on the website of Zion Lutheran Church of Wayside is not offered as legal or tax advice.