

## Qualified Charitable Distributions

Making direct donations from your Traditional IRA to your favorite organizations and causes is now a permanent option.



# QCD's

Qualified Charitable Distributions or QCD's are now a permanent part of the tax code.

Anyone over 70 <sup>1/2</sup> that has a traditional IRA, SEP IRA, or Simple IRA is eligible.

A distribution from their IRA can have it paid directly to the charitable organization of their choice. The distribution can qualify for their Required Minimum Distribution requirement and does not count towards their AGI, thus avoiding potential losses of exemptions, deductions, and other tax benefits.

Here is what you need to know:

- ✓ QCD's can qualify as a RMD distribution.
- ✓ The maximum amount of a QCD is \$100,000 per person per year. No gift splitting is allowed.
- ✓ QCD's are not included in the donors Adjusted Gross Income when tax deductible organization.
- ✓ Donations to private grant making foundations, donor advised funds or charitable gift annuities are not eligible.
- ✓ A QCD also is allowed to count towards standard deductions.
- ✓ The donor must be over age 70 <sup>1/2</sup> and the donation must occur after they have reached 70 <sup>1/2</sup>.
- ✓ QCD's only apply to taxable amounts making little tax advantages when using a ROTH IRA.
- ✓ Funds must move directly form the IRA to the charity. Taking a distribution and writing a check does not apply.
- ✓ Small tokens or meals given by the charity are not allowed and can trigger substantiation requirements. Documentation is always advised.
- ✓ You would need to file a claim far a deduction for charitable contributions to affect your taxes.

If Michael has a \$24,000 RMD for next year he can do a \$24,000 QCD and satisfy his RMD. Michael could even contribute more than his RMD if he wishes up[ to the \$100,000 annual limit.

Although QDC's are capped at \$100,000 per person per year. For a married couple where each spouse has IRA's each can contribute up to \$100,000 from their own IRA's There will be no gift splitting allowed. One owner cannot make a distribution of \$200,000 and split the gift with their spouse.

made to a qualifying



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