



**Campaign Update #47:  
Charitable Year-End Giving: RMD and QCD**



**December 2018 - The Future Home of the Saints!**

**Please consider your role in keeping the promise for future generations.**

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**Your donation to Light of Christ Catholic Schools can go further and cost you less. Take a look at the following example:**

A North Dakota taxpayer in the 25% tax bracket makes a **donation of \$25,000.**  
 After taking advantage of an estimated federal tax savings of \$6,250 and  
 a ND Income tax credit of \$10,000, **the cost of that \$25,000 donation is just .....**

**\$8,750!**

**You have to like those numbers!**

**General Tax Benefits:**

**15%**  
marginal tax rate on individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$750)	(\$1,500)	(\$3,000)	(\$3,750)	(\$7,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
<b>Net Cost of Contribution</b>	<b>\$2,250</b>	<b>\$4,500</b>	<b>\$9,000</b>	<b>\$11,250</b>	<b>\$22,500</b>

**25%**  
marginal tax rate on individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$1,250)	(\$2,500)	(\$5,000)	(\$6,250)	(\$12,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
<b>Net Cost of Contribution</b>	<b>\$1,750</b>	<b>\$3,500</b>	<b>\$7,000</b>	<b>\$8,750</b>	<b>\$17,500</b>

**35%**  
marginal tax rate on individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$1,750)	(\$3,500)	(\$7,000)	(\$8,750)	(\$17,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
<b>Net Cost of Contribution</b>	<b>\$1,250</b>	<b>\$2,500</b>	<b>\$5,000</b>	<b>\$6,250</b>	<b>\$12,500</b>

\* Assuming the marginal tax rate on an individual return is as listed and the donor can benefit from itemizing deductions on Federal Schedule A.  
 \*\* Assuming ND income taxes would be high enough over a four-year period to use up the credit. (Current year, plus three years carry forward.)  
 North Dakota individual income tax rates are currently in the range of approximately 2% to 4% of federal taxable income.

The general provisions of North Dakota's Tax Credit (ND Century Code 57-38-01.21) are as follows:

- 1) A 40% state income tax credit can be taken on contributions to qualified North Dakota-based charitable endowment funds.
- 2) Contributions can be made by individuals, businesses, trusts, or estates.
- 3) To qualify, the contribution must be a minimum of \$5,000.
- 4) The maximum North Dakota tax credit is \$10,000 for single tax filers and \$20,000 for those who are married and filing jointly.  
 The maximum tax credit for a single individual would be \$10,000, equal to 40% of a \$25,000 contribution.  
 The maximum tax credit for a married couple would be \$20,000, equal to 40% of a \$50,000 contribution.
- 5) The unused portion of the North Dakota state income tax credit can be carried forward for three years.

**Please make checks out to the Light of Christ Endowment.  
 1025 N. 2nd Street  
 Bismarck, ND 58501**

This is not intended to provide legal or tax advice. Please bring this information to your tax preparer and ask how the North Dakota Tax Credit can enrich your contributions.



**December 2018 - A view of the new addition at St. Mary's Grade School as the sun was rising to begin a new school day!** Construction is moving along quickly for this addition, which will provide new classrooms for our students and teachers.

**Maximize your charitable giving under the new tax law using IRA Required Minimum Distributions (RMDs).**

Are you looking for an easy way to benefit Light of Christ Catholic Schools, while also helping yourself? **If you are 70 ½ or older, you can make a gift from your**

## **IRA account to help support Light of Christ students THIS YEAR!**

A Qualified Charitable Distribution (QCD) is a tax-smart plan that allows you to transfer an amount from your IRA, tax-free up to \$100,000 per year, directly to a qualified charity. It is only available to IRA owners who are 70 ½ years of age or older.

### **Why make a Qualified Charitable Distribution (QCD)?**

A QCD gift is a way for you to give today without impacting your checking or savings account balance. Gifts made directly from your IRA (up to \$100,000 per year) are not reportable as taxable income. A QCD from your IRA also qualifies for your required minimum distribution (RMD), which can lower your income and taxes.

You can benefit from giving from your IRA if:

- You wish to make a significant gift or pay your pledged support without using cash or other assets.
- You do not need all or a portion of your IRA income.
- You are paying too much in taxes and are looking to reduce your income.
- You do not itemize deductions. Because a QCD gift from your IRA can reduce your income and taxes, you can still benefit from charitable giving, even as a non-itemizer.
- IRA gifts qualify for a North Dakota endowment tax credit up to 40%.
- You want to give over and above your normal giving this year. A QCD gift from an IRA does not count toward the 50% annual limitation on charitable gifts.

In addition, making a charitable donation through a QCD may prevent you from:

- Being bumped into a higher federal and/or state income tax bracket
- Hitting the phaseouts on your deductions and personal exemptions
- Falling into the Alternative Minimum Tax (AMT)
- Incurring the Affordable Care Act (ACA) tax