

**ARE YOU AT LEAST 70 ½ YEARS OLD?
DO YOU HAVE A TRADITIONAL IRA?
YOU MAY WANT TO CONSIDER**

Qualified Charitable Distributions (QCD)

When planning your IRA withdrawal strategy, you will want to consider making charitable donations through a QCD.

If you are 70 ½ years old or older, and have traditional IRAs (not Roth IRAs), you may benefit from the qualified charitable distribution rules that are currently part of the Internal Revenue Service tax code.

A QCD is a direct transfer of funds from your IRA custodian, payable to a qualified charity, such as St. Charles Parish. QCDs can be counted toward satisfying your required minimum distributions (RMDs) for the year, as long as certain rules are met. The RMD starting date was age 70 ½ prior to January 1, 2020, and now it is age 72, but be aware the QCD age remains at 70 ½ .

The benefit of doing a QCD from an IRA is that the distribution comes out of the IRA without any of the tax consequences that would otherwise apply to a withdrawal (i.e., it is excluded from income altogether).

Here is an example scenario. Harold is 71 years old and has an IRA with a required minimum distribution (RMD) obligation of \$1,000. He happens to be a member of St. Charles Parish. Harold makes annual contributions to the parish of \$1,000 or more each year. If Harold makes a QCD to St. Charles Parish for \$1,000, he will satisfy his RMD requirement and not have to add this \$1,000 distribution to his taxable income in the year the distribution is made.

If Harold does ***not*** take advantage of the QCD rules, but he makes the same \$1,000 donation to St. Charles, he would have to put the \$1,000 IRA distribution on his tax return as taxable income and then try to take a schedule "A" itemized deduction for his \$1,000 charitable contribution! Many people may not have enough charitable contributions combined with other itemized deductions to beat the higher 2021 standard deduction levels, so why not take advantage of the tax code and get that deduction directly through your IRA custodian?

Hopefully, your tax preparer or IRA custodian has already discussed QCDs with you. Every taxpayer's situation is unique. This idea may work great for one person and have no benefit for another. If you have a tax preparer ask him/her to review your specific tax situation and see if the QCD option can benefit you. You may also call me to discuss this option, with no cost or obligation.

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