

Taking Advantage of the Qualified Charitable Deduction

What is the Qualified Charitable Deduction or QCD?

The Federal Government added a provision to the tax code which allows those age 70 and one-half or older to make charitable contributions directly from a retirement IRA to a charity or charities. The withdrawal from your IRA must go directly to the charity and not to you and then to the charity.

The benefit to you, the giver or donor, is an income tax savings, as the funds will not appear in your gross income for the year. Now that the vast majority of individuals can no longer itemize deductions, this is one way to realize a meaningful tax benefit for gifts to charities.

For each individual, the total combined giving via the QCD to all charities in any one year is capped at \$105,000. If you are 72 and one-half or older and must take Required Minimum Distributions from your retirement accounts, the QCD qualifies as part of your RMD for the year.

How Do I Give via the QCD to Support Bethlehem Lutheran Church?

The financial institution which manages your IRA will be able to assist you with this. However, you will need to provide information for them to get the funds to BLC.

Payee (Check made payable to)

Bethlehem Lutheran Church

Mailing Instructions

Bethlehem Lutheran Church
Attn: Financial Secretary
48 Perrin Street
Fairport, NY 14450

Designation Examples (How do you wish BLC to use the funds given?)

Naturally, you want your giving to be used for the purpose you intend. Your financial institution will have a preset limit of characters for this. You can send more than one check to the same institution if you have more than one designation.

- To direct funds for your regular giving to BLC, you may use words such as **regular giving, annul giving, spending plan, or church operations**. Any of these two word examples should fit in the space allowed by your financial institution.
- To designate funds for a specific purpose, here are a few examples – **BLC IMF Fund, Organ Repairs, Capital Reserve Fund**. (Before selecting a purpose beyond one of these three, please consult with the IMF Committee or Glenda Lockard, Treasurer.)

Frequently Asked Questions about the Qualified Charitable Distribution

- 1) **Who can make a QCD?** You can make a QCD if you are at least 70½ years old and have an IRA. Married couples can each make up to \$105,000 in QCDs, for a total of \$210,000. Note: The maximum allowable amount is indexed to inflation and may go up in subsequent years.
- 2) **What can I use to make a QCD?** You can use a traditional IRA, inherited IRA, inactive SEP IRA, or inactive SIMPLE IRA to make a QCD. You cannot use a 401(k) or 403(b) account directly, but you can roll funds from those accounts into an IRA to make them eligible.
- 3) **How do I make a QCD?** You can make a QCD by paying funds directly from your IRA to a qualified charity. You can make a single large contribution or multiple smaller contributions throughout the year.
- 4) **Is a QCD taxable?** No, QCDs are not reported as taxable income.
- 5) **Can a QCD count toward my Required Minimum Distribution (RMD)?** Yes, a QCD can count toward your RMD for the year.