

WHY IS THE IRA QUALIFIED CHARITABLE DISTRIBUTION (QCD) A TAX-WISE GIFT?



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As a result of the increased standard deduction, in recent years most taxpayers no longer itemize their income tax deductions and, therefore, cannot take advantage of the charitable deduction. However, a qualified charitable distribution (QCD also referred to as the IRA Charitable Rollover) can provide the tax savings of a charitable deduction even if you don't itemize.

The IRA Qualified Charitable Distribution, or QCD, is a great way to make a tax-free gift to Newton-Wellesley Hospital. Even better, if you have a Required Minimum Distribution (RMD), your QCD gift will reduce the taxable amount you are required to withdraw.

When you make a IRA QCD, you won't need to include the transferred funds in your income for that year and therefore will not pay any tax on them. If you were to withdraw the funds yourself and then make a gift to us, you would have to include the withdrawal in your income.

Another great feature of a charitable IRA QCD is that it counts toward the amount you are required to withdraw from your IRA for the year - your "required minimum distribution." If you do not need these funds for your own use, you can meet your required distribution by making gifts to Cooley Dickinson Hospital and your other favorite charities and avoid paying income tax on these withdrawals.

The benefits to you:

- Your withdrawal is not included in your income, so you won't have to pay any taxes on that income.
- Your withdrawal satisfies some or all of the required minimum distribution in the year of the gift.
- The charitable IRA QCD may save you from owing higher taxes on Social Security benefits and paying higher Medicare premiums.
- You have the satisfaction of providing immediate support to Cooley Dickinson Hospital.

Simply visit your IRA administrator's website for a QCD (qualified charitable distribution) form.

IRA QCD Rules

Donor must be 70 ½. The IRA owner must actually be age 70 ½ or older on the date of distribution.

If you are age 72 or older and must take your RMD. A QCD can satisfy your RMD without increasing your income taxes.

Annual charitable rollover limited to no more than \$100,000 per individual each year. A married couple who both have IRA's can each make gifts up to \$100,000 from IRAs that they own.

Gifts may only come from the donor's Traditional Individual Retirement Account. 401(k), 403(b), SEP IRA accounts, and other retirement accounts do not qualify.

Charitable IRA QCDs must be to a public charity. Rollovers may not go to a private foundation, nor may a charitable IRA QCD go to a charitable supporting organization or a donor-advised fund.

The gift must generate a full deduction for the amount of the rollover. The IRA donor may not receive any "quid pro quo" benefits for the donation, such as gala tickets, which would limit the donor's deduction to only the net amount contributed.

The IRA administrator must make the charitable IRA QCD directly to charity. The donor should submit a distribution form to the IRA custodian, requesting that the check be made payable directly to charity. The check can be sent directly to charity or to the IRA owner to be forwarded along to the charity.

We are here to assist

If you have questions please contact our Development Office at (413) 582-2255, or by sending an email to development@cooleydickinson.org.