

DONATING TO FOE 2241

There are quite a few ways to donate to the Pasco Eagles. Since it is near year end, I will first discuss a tax free gift from a retirement account.

If you are 72 or older, you must take a withdrawal from your individual retirement account (traditional IRA, SEP IRA, Simple IRA.) Qualified plans (401K, 403B, 457B, profit sharing, other defined contribution plans) must be rolled over into an individual account before qualifying. The Required Minimum Distribution (RMD) depends on the amount in your account and your age. It starts at about 4% at age 72 and increases steadily each year. For example, it is about 5.5% at age 80 and 8.7% at age 90.

When they say required, they mean it. You pay a 50% penalty plus income tax on any shortfall. Unless you want to pay that, you must take the distribution each year. Unfortunately, the sellers of tax sheltered plans usually don't tell you this nasty information when you sign up and contribute over the years.

Even if you don't itemize your taxes, you can donate all or part of your RMD to charity. It's called a Qualified Charitable Distribution or QCD. The funds will be sent directly from your retirement account to the charity and not be taxed in your hands. This can be an effective strategy to keep your RMD from increasing your tax burden: It could keep you from being pushed into a higher tax bracket, causing Medicare Surtaxes, causing your Social Security benefits to become taxable, or increasing your Medicare PartB and D premiums.

In addition if you are over 70^{1/2}, you can make a QCD over and above the amount of your RMD. The annual QCD limit is \$100,000. Remember, when you die, your tax sheltered retirement accounts must be liquidated and distributed to those you have named as beneficiaries, and will be taxable income to them, so the Federal Government will effectively be a beneficiary for a significant amount of your sheltered accounts.

If you feel that a donation from a retirement account would fit into your overall tax and giving strategy, you will have to contact your account manager and give instructions. If you need assistance with this, feel free to contact me, John Bell, at 509-316-1630, and I will be happy to assist you.

Your account manager will need the following information:

**FOE 2241
2829 Sylvester St
Pasco, WA 99301**

The tax id is 91-0499427

We are establishing a "Giving Wall" and if you so choose, your name will be displayed there. Thanks for taking the time to read this. Your donation, no matter how small will be acknowledged, appreciated, and, most importantly, help someone.

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