

How to Donate your IRA Required Minimum Distribution to Changed Choices

Are you 70 ½ or older, taking required minimum distributions (RMD) from your IRA, and planning to make a charitable donation this fiscal year? Did you know you can have your IRA custodian directly transfer your required minimum distribution for the year directly to Changed Choices which is called a qualified charitable distribution (QCD)? This qualified charitable distribution will be excluded from federal taxable income and may also reduce the impact to certain tax credits and deductions, including Social Security and Medicare.

Here are the requirements:

- You must be 70 ½ or older to be eligible to make a qualified charitable deduction from your IRA.
- The distribution must go directly to Changed Choices from your IRA trustee.
- The distribution must come from an IRA (distributions from a 401 (k) or 403 (b) are not eligible).
- There is a \$100,000 donation limit per person, per year.
- A married couple both over age 70 1/2 each qualify for the \$100,000 limit so they could donate \$200,000, in aggregate.
- For a qualified charitable distribution to count towards your current year's required minimum distribution, the funds must come out of your IRA by your required minimum distribution deadline, generally by December 31.
- While the qualified charitable donation amount is not taxed, you may not then claim the distribution as a charitable deduction.

You should also be aware that:

- Any amount donated above your required minimum distribution does not count toward satisfying a future year's required minimum distribution.
- The money needs to be transferred directly from your IRA to Changed Choices in order to be tax-free. If you withdraw your distribution from your IRA first and then give it to Changed Choices, you can deduct the gift as a charitable contribution (if you itemize), but the withdrawal will be included in your adjusted gross income.
- When making a QCD, you must receive the same type of acknowledgement of the donation that you would need to claim a deduction for a charitable contribution. Changed Choices can provide this acknowledgement to you.

If you are considering donating you required minimum distribution from your IRA to Changed Choices by the end of the year, please:

1. Consult you tax advisor or financial planner to discuss and implement
2. Notify Gail Clark, our Director of Finance, of your intent at gail@changedchoices.org or 704.332.6388