

QUALIFIED CHARITABLE DISTRIBUTIONS FROM IRA

At the end of 2015, federal legislation was passed making the IRA direct charitable rollover gift option permanent. Now, each year, persons over age 70 ½ may make gifts to charity directly from individual retirement accounts (IRAs) without including the distribution as personal income, but counting the gift toward the required minimum distribution. These “Qualified Charitable Distributions” (QCDs – i.e., those issued directly from the IRA administrator to the charity) are available as follows:

Key Points:

- You must be at least **age 70 ½** when the gift rollover distribution is made.
- The law applies most **IRA accounts**. (Please consult your financial adviser as to whether your IRA account qualifies) Other plans such as 401(k) or 403(b) plans do not qualify.
- The QCD(s) must be made **directly** from your IRA administrator to Cherry Creek Presbyterian Church or other qualified charity. *(For those with check writing privileges on their IRA accounts, this may be the most efficient way to make gifts directly from an IRA.)* Please check with your tax advisor as to what is a Qualified Charity.
- Total IRA rollover gifts are limited to **\$100,000 per taxpayer per year**. If married and each spouse has an IRA, then each may gift up to \$100,000 per year.
- The gift **counts toward your IRA required minimum annual distribution (RMD)**.
- The gift distribution is excluded from your income **for both federal and Colorado state income tax purposes**. Although you cannot deduct the gift on your income tax return, the distribution is not reported as income so there is no adverse income tax effect.
- Your QCD may **NOT** be used to contribute to a private foundation, donor advised fund, supporting organization (a specific type of public charity that carries out its exempt purpose by **supporting** other exempt organizations, usually other public charities), a charitable gift annuity or a charitable remainder trust.
- *(Note: The distribution will not qualify under this legislation if the IRA owner receives the distribution and then writes a check to the charity. Such distributions are income to the owner, and the owner may then claim an itemized charitable deduction for the gift.)*
- Be sure to request a proper gift receipt from your church or charity.

This gift provision is included in legislation titled “The Protecting Americans from Tax Hikes Act of 2015” which simply renewed the provisions already found in the Internal Revenue Code Section 408(d)(8). **THE FORGOING INFORMATION IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS NOT INTENDED AS FINANCIAL, TAX OR LEGAL ADVICE. INDIVIDUALS WILL WANT TO CONSULT WITH THEIR OWN PROFESSIONAL ADVISORS AND IRA ADMINISTRATORS.**

Sample IRA Distribution Letter Instructions

First, contact your IRA administrator and see if they have a form that you can use to make an IRA direct Qualified Charitable Gift request. If that is not available, the following page offers a sample letter that can be used to request a direct distribution from an IRA (Individual Retirement Account) to your church or favorite Qualified charity. (This type of gift is only available to individuals who are over age 70 ½.)

You may print the sample letter and simply fill in the blanks by hand. Or we will be happy to email you an editable version – just call 303-779-9909 or email dcable@cherrycreekpres.org.

Fill in the blanks as follows:

- 1) Enter the name and address of your IRA custodian/administrator.
- 2) Enter the date.
- 3) Enter your IRA account number.
- 4) Enter the amount you wish to transfer to charity.
- 5) Enter the name and address of the church or charity. If you wish to benefit more than one charity, you will need to create a separate letter for each.
- 6) Briefly name the purpose of the gift whether it is for general charitable use or for a specific program or activity.
- 7) Include a phone number or email address where you can be contacted.
- 8) Sign the letter, print your name as the Plan Owner, and include your return mailing address.

You may want to keep a copy of the letter for your records.

Remember, this sort of gift is NOT income to you and, therefore, it is NOT tax deductible. Nonetheless, the gift counts toward your Required Minimum Distribution (RMD). This is a great option for anyone who does not itemize charitable deductions and/or anyone who does not want to incur that additional RMD income.

(date)

TO: (IRA Administrator)
(Address)
(City, State, ZIP Code)

RE: Request for Qualified Charitable Distribution from Individual Retirement Account
Account # _____

Dear Sir or Madam:

Please accept this letter as my request to make a direct Qualified Charitable Distribution from my Individual Retirement Account referenced above as authorized by Section 408(d)(8) of the Internal Revenue Code and the Protecting Americans from Tax Hikes Act of 2015.

Please issue a check in the amount of \$_____ (not to exceed \$100,000) payable to **Cherry Creek Presbyterian Church**. Please mail the check directly to this organization at the following address:

Cherry Creek Presbyterian Church
10150 E Belleview Ave
Englewood, CO 80111
Attn: Finance Office

In your transmittal letter to Cherry Creek Presbyterian Church, please give my name and address as the donor of record in connection with this transfer. Please copy me on your transmittal.

It is my intention to have this transfer for exclusion from taxable income during the 20__ tax year. Therefore, it is imperative this distribution be postmarked no later than December 31, 20_____.

If you have any questions or need to contact me, I can be reached at (telephone number).

Thank you for your assistance in this matter.

Sincerely,

(Plan Owner Signature)
(Plan Owner Printed Name)
(Plan Owner Address)