



## IRA Qualified Charitable Distributions (QCDs)

An IRA qualified charitable distribution (also called an IRA charitable rollover or charitable transfer) is an excellent way to make gifts and receive tax benefits in return. As you plan your **required minimum distributions** for this year, consider using your IRA account to make the most of your charitable giving. It is important to consider your tax situation before deciding whether to make a charitable contribution from your IRA. Be sure to share this gift plan with your financial advisor.

### To Qualify:

- You must be age 70½ or older at the time of gift.
- Transfers must be made directly from a traditional IRA account by your IRA administrator to Hillwood Estate, Museum & Gardens.
- This opportunity applies only to traditional and Roth IRAs.
- Funds must be transferred outright to one or more qualified charities.

### Tax Benefits

- IRA charitable distributions are excluded from gross income for federal income tax purposes on your IRS Form 1040. You receive no charitable deduction.
- QCDs count toward your required minimum distribution for the year in which you make the gift.

#### A note about deadlines:

We recommend that you request your distribution from your IRA provider as early as possible, as processing can take two weeks or more. These gifts can count towards required minimum distributions provided all funds are cleared by December 31. Please contact your IRA provider for exact instructions.

If your administrator provides you an IRA checkbook, please note that the date of your QCD is NOT the date you send the distribution check, but the date that your IRA administrator transfers the funds to the charity. If you want your distribution check to be credited toward the current tax year, it is critical that you mail your check several weeks before the end of the year to ensure there is time for the check to be received by common reporting standards (CRS) and to clear your account. This is especially true if you are relying on those gifts to fulfill your required minimum distribution.



## FAQs

### What's the IRS Rule?

The IRA charitable distribution allows individuals age 70½ and older to make direct transfers totaling up to \$100,000 per year to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes. No charitable deduction may be taken, but distributions will qualify for all or part of the IRA owners required minimum distributions.

### Who qualifies?

Individuals who are age 70½ or older at the time of the contribution (you have to wait until six months after your 70th birthday to make the transfer).

### How much can I transfer?

\$100,000 per year. The transfer must be outright to charity.

### From what accounts can I make transfers?

Transfers must come from your IRAs directly to Hillwood. If you have retirement assets in a 401k, 403b etc., you must first roll those funds into an IRA, and then you can direct the IRA administrator to transfer the funds from the IRA directly to Hillwood.

### Does this transfer qualify as my required minimum distribution?

Currently, the age at which you are required to take required minimum distributions from your retirement plans each year is 73, according to a federal formula. IRA charitable distributions count towards your minimum required distribution for the year in which you make the gift.

### Can my spouse also make an IRA charitable distribution?

Yes, every individual who is the owner of a traditional IRA account can use the IRA charitable distribution for up to \$100,000 each year.

### How do I know if an IRA charitable distribution is right for me?

Share this information with your financial advisor. Our office can provide further information and examples of this gift plan. We would be delighted to help.

### What is the procedure to execute an IRA charitable transfer?

Contact your plan provider to initiate the transfer, as they often have specific forms for charitable transfers. Make sure that you contact us when you direct the transfer so we can look for the check from your IRA administrator.



## Example

John is 73 and wants to make a contribution to Hillwood Estate, Museum & Gardens. He has \$500,000 in his IRA, and he wants the contribution to be \$20,000. He can authorize the administrator of his IRA to transfer \$20,000 to Hillwood. Because the IRA qualified charitable distribution is excluded from income, it will not be eligible for a charitable income-tax deduction, but John still receives tax savings. The \$20,000 distributed to Hillwood will be counted toward his annual required minimum distribution, and he will not pay income tax on the portion given to charity. The QCD will also lower his adjusted gross income (AGI), which can also help offset other taxes, such as Social Security.

## Important Notes

Be sure to check with your financial advisor to determine whether this gift plan is right for you. This information is not meant as tax or legal advice.

## Contact Us

If you would like more information on including Hillwood in your estate plans, please contact us at 202.243.3975 or [lynnrossotti@hillwoodmuseum.org](mailto:lynnrossotti@hillwoodmuseum.org)