



Qualified Charitable Distributions from IRAs

If you are age 72 or older, IRS rules require you to withdraw a required minimum distribution (RMD) each year from your tax-deferred retirement accounts. If you do not withdraw the RMD, the IRS can assess a 50% penalty. However, you can pay all or part of that RMD as a qualified charitable distribution.

A qualified charitable distribution (QCD) is a direct transfer of funds from your IRA, payable directly to a qualified charity (such as Washington Street UMC). These QCDs can be counted toward your required minimum distributions each year. And, unlike most IRA withdrawals, a QCD excludes the amount donated from taxable income, decreasing your annual taxable income.

Although the RMD is not required until age 72, anyone over 70.5 is eligible to make a QCD, up to \$100,000 annually. These distributions can be especially beneficial for donors who do not itemize and instead file the standard deduction.

Basic Requirements for making a Qualified Charitable Distribution:

- The donor must be at least 70.5 years of age at the time of the distribution.
- The distribution must come from a Roth or Traditional IRA.
- The distribution must be made from the IRA administrator directly to a qualifying charity, 501(c)(3), like Washington Street UMC.
- Individuals may make QCD gifts up to \$100,000 per year.

Benefits of making a Qualified Charitable Distribution:

- If you receive the RMD as direct income (even if you later use it to make a donation to a charity) your RMD will count as taxable income, and this additional taxable income may push you into a higher tax bracket and could reduce your eligibility for certain tax credits and deductions. By making a QCD, the charitable distribution decreases your taxable income.
- Your taxable income helps determine the amount of your Social Security benefits that are subject to taxes, so keeping your taxable income level lower may also help reduce your potential exposure to the Medicare surtax.
- Making a QCD to keep your RMD from taxable income may reduce the amount deducted from your monthly social security for Medicare, reduce or eliminate the amount of tax paid on your social security income, and reduce or eliminate the Medicare surtax levied on other income.

So, if you are 70.5, own an IRA, and want to donate to charity, QCD's may be a good option for you. Be sure to consult a tax advisor regarding your specific situation.

QCD gifts to Washington Street UMC may be directed to go to the General Ministry Fund as part of your annual giving pledge, or may be directed to go to one of our other ministry funds (Community Ministry Fund, Discipleship Fund, Endowment Fund, or Pastor's Discretionary Fund).

*For additional information, contact the WSUMC Church Office:
office@wsumc.com | 703-836-4324*

*Washington Street UMC has a form to help request a QCD distribution.
Just ask for a "Request for Charitable Distribution from IRA" form from the Church Office.*