

## **QUALIFIED CHARITABLE DISTRIBUTIONS**

### **By: PATTY WARD, EA**

If you have an IRA, you may be able to reduce your tax bill while helping charities that are important to you by making what is called a Qualified Charitable Distribution from your qualified account. Beginning in 2018, the IRS has made the Qualified Charitable Distribution a permanent tax rule. A Qualified Charitable Distribution is a distribution that is taken from an IRA and paid out directly to a 501(c)(3) charity. The biggest benefit of doing this is that the amount donated directly to charity is not included in your taxable income – it is exempt from taxation. You can make Qualified Charitable Distributions up to \$100,000 in any given year.

Once you reach the age of 70 ½, the IRS requires that you begin taking a minimum distribution from your IRA accounts. This is known as the Required Minimum Distribution. If you are not in need of the distribution you are required to take and especially if you will not be itemizing your deductions, then you might consider making any planned charitable donations from your IRA instead of from your checking account.

There are certain procedures that must be followed for the distribution to be treated as a Qualified Charitable Distribution including making the distribution check directly out to the non-profit organization. The check can never be deposited into your account or made out to you. Consult with your tax advisor or your financial advisor prior to initiating a Qualified Charitable Distribution to ensure that you will receive the full tax benefit of helping the charities that are important to you.



If you have questions about this or any other business or tax issue, please contact your Account Manager or [Patty Ward, EA](mailto:pward@connerash.com), at (314) 205-2510 or via email at [pward@connerash.com](mailto:pward@connerash.com).