

## HOW TO DONATE PART OF YOUR REQUIRED MINIMUM DISTRIBUTION TO CHARITY

New tax laws in place for 2018 mean many retirees will no longer be itemizing deductions on their tax returns. For those individuals, a charitable tax break is still available if they are taking a required minimum distribution (known as an RMD) from their IRA.

If you are at least 70 ½, you can have your IRA custodian directly transfer part, or all, of your current year RMD to a 501(c)3 qualified charity. The amount transferred directly to the charity counts toward your current year RMD **and is excluded from taxable income for the year**. That means income tax savings for you!

Assuming you are using the standard deduction for your filing status and 85% of your social security is taxed, here's an example of how it works:

- You have your IRA custodian transfer \$1,000 of your 2018 RMD directly to Holly Springs Food Cupboard (or any 501(c)3 charity) by December 31, 2018. (\$1,000 is being used for example purposes only; **you decide** the amount you want to transfer.)
- You (and your spouse) are in the 22% federal income tax bracket (your tax bracket may differ).
- You show a current year IRA distribution on your tax return of the RMD amount **less the amount transferred directly to the charity**.
- You use the 2018 **standard deduction** for your filing status.
- Your 2018 federal income tax savings equals \$220 (\$1,000 x 22%).

Getting this charitable tax break involves IRS rules and preparation of a tax return. Since each tax return is unique, consult your tax professional for specific information as it pertains to your tax situation.

See the following U.S.News article for more information:

<https://money.usnews.com/money/retirement/iras/articles/2017-12-04/how-to-donate-your-required-minimum-distribution-to-charity>