

Qualified Charitable Distributions (QCDs)

What Are They?

Distributions made directly from a traditional IRA to a qualified charitable organization.

What Is The Benefit?

QCDs reduce your adjusted gross income and potentially reduce your taxable income and the tax due.

You Qualify if:

- You are over 70 ½
- You are taking required minimum distributions from a traditional IRA
- You are making charitable contributions
- The QCD is made directly from your account to the charitable institution

How To Make A Qualified Charitable Distribution

1. Contact your IRA trustee or financial institution for its procedures for QCDs.
2. Determine the amount that you want to contribute (up to \$100,000) and advise your IRA trustee or financial institution.
3. Keep proof of your contributions such as a statement from the charitable institution and from the paying institution.

When Preparing Your Return

1. Your 1099-R will likely show the full amount of the distribution as taxable income.

Note: There may be exceptions that you will need to verify with your payor.

2. Tell your tax preparer the amount of the QCD. The taxable amount on the 1099-R will need to be reduced by this amount.
3. Only the reduced taxable amount will be included in your income.
4. Include proof of your contributions with tax documents for the year.

