GREATER SABETHA COMMUNITY FOUNDATION

Charitable IRA Now Offers a Permanent Giving and Tax Savings Opportunity

If you want to give back and make a difference in your community even after retirement, **you can.** Many people have Individual Retirement Accounts (IRAs), but don't realize they can use their required minimum distribution (RMD) to donate to their favorite local charities. These qualified charitable distributions (QCDs) go directly to the charity. Therefore, QCDs offer advantages over taking a taxable IRA distribution and then contributing the proceeds of that distribution to a charity. QCDs allow you to avoid paying ordinary income taxes on your distribution. (Only individuals who've attained age 70½ may make QCDs.)

How it works

To make a contribution that makes a difference:

- contact the intended charity (GSCF) to determine the exact payee name for the check.
- Then, using that name, instruct your IRA trustee or custodian to make a transfer from the IRA directly to charity.
- You will receive a letter of acknowledgment from GSCF.

*If you have more questions, contact your professional investment or tax adviser. This is a smart way to **give back** and **make a difference** in to your community.*

Your gift can also be placed into an endowment that is invested over time.

Or your gift can be used to help a current local GSCF project or fund.

Your gift–and all future earnings from your gift– is a **permanent** source of community capital, **helping to do good work forever.**

There are numerous tax advantages of giving qualified retirement plan account and individual retirement account ("IRA") benefits to charity.

Apart from Roth retirement accounts, when funds are withdrawn from retirement accounts by non-charitable beneficiaries, both federal and state income tax will have to be paid.

Retirement accounts possessed at death may also be subject to federal estate tax. Because of this double tax bite, someone who plans to make charitable gifts should consider naming a charity as a beneficiary of his or her retirement accounts. Doing so will provide the following advantages:

1. The distribution to the charity is deductible for federal estate tax purposes
2. The decedent's estate and non-charitable beneficiaries will avoid taxable income
3. The charity will generally avoid income tax on the distribution.

IRA owners who are 70½ and older must take a required minimum distribution ("RMD") from their IRA accounts. Such IRA owners also can annually direct up to $100,000 of their IRA distributions to charity. IRA distributions ***given to a charity count toward the*** **donor's RMD**, but do not increase the donor's adjusted gross income ("AGI") **or generate taxable income.**

Removing the IRA distributions from the owner's AGI may:

1. Help the donor qualify for other tax deductions;
2. Reduce taxes on the donor's Social Security benefits
3. Avoid the high-income surcharge for Medicare Part B and Part D premiums.

Please note that while beneficial, these strategies have specific legal and tax requirements and should only be undertaken with the advice of your investment advisor, attorney and/or accountant. This article does not contain legal advice.

WEB: www.sabethafoundation.org

Call: 785.285.1675

Email: info@sabethafoundation.org

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