Individual Retirement Account Qualified Charitable Distribution and the New Tax Law

As we start the New Year, 2018, many Americans are still reading about and adjusting to the new tax laws effective for 2018. The good news for older, charitably minded individuals is that the Qualified Charitable Distribution (QCD) from an Individual Retirement Account (IRA) will NOT change.

Here is a quick recap of the QCD:

- The IRA owner must be 70 1/2 or older;
- The transfer can be for no more than $100,000/yr., the amount may be smaller;
- The QCD is not reported in your taxable income, but you receive no tax deduction;
- Only applies to gifts from Individual Retirement Accounts and NOT from 401(k) plans, SEP IRA's or other tax-favored retirement planning vehicles;
- Qualifies toward the required minimum distribution. The transfer is made directly from a custodian or trustee to a qualified charitable organization;
- Discuss with your tax and financial advisor before initiating such a gift.

Because of the new tax law's increased standard deduction, many taxpayers will no longer itemize and, therefore, will not deduct charitable contributions. **The QCD can be advantageous in that you avoid recognition of income by diverting all or part of your required minimum distribution directly from your IRA custodian to the qualified charity.**

In addition to supporting a qualified charity with a QCD, you may still consider the charity as a primary or secondary beneficiary of your IRA account after your lifetime. Because these funds are received by a qualified charity with no income tax liability, they can be a great choice for your after-lifetime philanthropy, leaving tax friendly assets to pass to your family and other heirs.

Contact Laura Martinez Ilgun at 956-369-3015, or lmilgun@vanniecook.org, to learn more about the QCD or naming the Vannie E. Cook Jr. Cancer Foundation, Inc. as a beneficiary of your IRA account.