One way for donors to make a tax-wise gift is to use retirement assets through charitable beneficiary designations for all or part of their many different kinds of retirement accounts.

A special type of retirement asset, the IRA (Individual Retirement Account), provides a unique current giving opportunity which could be of interest to those who have reached age 70 1/2, the age when you must begin taking distributions from your pre-tax retirement accounts in the form of a Required Minimum Distribution (RMD). Your RMD income will be added to your adjusted gross income and is subject to income tax.

Making a gift using the Charitable IRA Distribution can be strategic if:

- You don’t need the extra income
- Your RMDs cause more of your Social Security income to be taxed and may increase your Medicare premium and other surtaxes
- You wish to lower your adjusted gross income by allocating all or part of your total RMD’s (up to the individual limit per year) directly to your chosen charitable interests,
- You are making charitable contributions at your deduction limit, but want to give more
- You don’t itemize deductions but still want to take advantage of tax-wise giving

There are many more beneficial details and scenarios that your financial advisor can provide to demonstrate the power of a Charitable IRA Distribution.

**What is a Charitable IRA Distribution?**
Generally, a qualified charitable distribution (QCD) is an otherwise taxable distribution from an IRA owned by an individual who is age 70½ or over that is paid directly from the IRA to a qualified charity. Source: IRS.gov

**Are Donor Advised Funds or Private Foundations eligible for a Charitable IRA Distribution?**
No. Qualified charitable distributions exclude both donor-advised funds and private foundations.

**Can a qualified charitable distribution from my IRA satisfy my required minimum distributions?**
Your qualified charitable distributions can satisfy all or part of the amount of your required minimum distribution from your IRA. Source: IRS.gov

**How are the RMD’s calculated?**
Required minimum distributions (RMDs) must be taken each year beginning with the year you turn age 70 1/2. The RMD for each year is calculated by dividing the IRA account balance as of December 31 of the prior year by the applicable distribution
period or life expectancy. Source: IRS.gov. Your retirement account custodian can provide you with the applicable factor and the precise amount of your RMD.

Does a gift through a Charitable IRA Distribution generate a charitable tax deduction?
No. There is no charitable tax deduction for an IRA charitable distribution gift. The transfer goes directly from the account to the charitable recipient. Since you don’t receive the funds, they are not included in your income so there is no income tax paid on the distribution which, for many people, is more favorable than receiving a charitable deduction.

Can I make a Charitable IRA Distribution from other retirement accounts?
No. Transfers must come directly from an IRA. However, while 401(k), 403(b), etc. are not eligible, you may be able to roll those funds into an IRA, then use the IRA for giving. If you contemplate this approach, it is important to discuss this with your financial advisor as there are specific rules that apply.

What is the minimum gift size? And is there a maximum gift size?
The minimum gift size depends on the policies of your IRA custodian. The maximum distribution permitted by the IRS is $100,000, per individual account holder, per year. Regardless of the amount of your RMD for a given year, you can give up to $100,000 to a qualified charity from your IRA as a QCD, if IRS requirements are met.

Are there restrictions on Charitable IRA Distributions?
Just as there are for charitable donations, there are some IRS restrictions for Charitable IRA Distributions. Please consult your advisor for further information or view the IRS.gov website.

I have a Roth IRA. Can I use it for Charitable IRA Distributions?
While Roth IRAs are eligible for charitable distributions, the tax implications may not be beneficial. Consult your financial/tax advisor if you are considering this scenario.

How do I initiate Charitable IRA Distributions?
In most cases, you should start by contacting your IRA custodian for their forms and procedures. If you have an IRA with check-writing features, your check must be made out directly to the qualified non-profit organization and must clear your account by December 31 to count toward your RMD.

When should I initiate a request for a distribution?
You may request a distribution at any time during the year however you must be at least age 70 1/2 by the date of the charitable distribution. If you want your distribution to count toward your RMD for the current year, be sure you request your transfer by early December to allow ample time for your transfer to be completed.
Can my IRA gift satisfy a pledge?
Yes. Not only can an IRA gift satisfy an existing pledge, donors can create new multi-year pledges that could be designated for operating expenses, for scholarships, for programmatic uses, to build the endowment fund, or for capital projects.

What type of acknowledgement should I expect?
The organization will send you a written acknowledgement of your gift to thank you and to confirm the amount of your gift and its intended purpose. Because there is no income tax deduction, you will not receive a conventional receipt.

Please seek counsel from your own legal, tax, or financial professionals in connection with gift and estate planning matters to determine if this is the best option for you, as there are many ways to take advantage of these IRS rules.