

# IRA QUALIFIED CHARITABLE DISTRIBUTION (QCD) INSTRUCTIONS

## What are the requirements?

- You must be 70½ years or older.
- Only traditional IRAs are eligible for gifting.
- Recipients need to be qualified 501 (c)(3) public charities.
- Any individual may directly transfer up to \$100,000 annually to any qualified public charity.
- Married couples who each have an IRA can give up to \$100,000 from each.
- The check must be made payable directly to the charity, not the IRA owner.
- An IRA QCD needs to be an outright gift with no benefits coming back to the donor.
- An IRA QCD can be used to fulfill a pledge.
- An IRA QCD *cannot* be transferred to a private family foundation or a donor advised fund, or used to establish a life income gift.

## How do I proceed?

- Check with your tax advisor to see if a gift from your IRA is appropriate for your situation.
- Contact your IRA custodian to obtain any forms they may require and follow their instructions. If your IRA custodian does not have a specific form, please use the sample letter provided on the following pages.
- Let the recipient charity know that you are intending to make a rollover distribution from your IRA, using the sample letter provided on the following pages.
- Although most IRA custodians transfer IRA rollover funds directly to public charities, some IRA custodians issue a check payable to the charity but send the check to the IRA owner for forwarding to the charity. This transaction still qualifies under the law as a QCD if the check is issued payable to the charity and you deliver the check prior to December 31<sup>st</sup>.
- Even though an IRA rollover is not included in taxable income and consequently there is no income tax deduction, an IRA rollover donor must still comply with substantiation requirements under the federal tax code. Charity recipients should assist with this by providing an acknowledgment letter specific to the IRA QCD.

## What are the benefits of taking advantage of the IRA Qualified Charitable Distribution?

- Taking a Required Minimum Distribution is a taxable event. But a Qualified Charitable Distribution is NOT taxable, and does not contribute to the taxation of your Social Security benefits if your level of income subjects you to such taxes.
- You can make these gifts at any time of year, and don't have to wait until year-end to take your IRA required minimum distribution.
- You get a tax benefit whether you use the standard deduction or itemize deductions on your taxes.
- You can give over and above any Adjusted Gross Income (AGI) limits without having to carry deductions forward into subsequent years.

## **SAMPLE LETTER OF INSTRUCTION TO IRA CUSTODIAN**

DATE

IRA PLAN ADMINISTRATOR  
INSIDE ADDRESS

RE: Qualified Charitable Distribution from IRA

Dear Sir or Madam:

Please accept this letter as my request to make a direct charitable distribution from my Individual Retirement Account ACCOUNT NUMBER as provided in the Consolidated Appropriations Act of 2016.

Please issue a check in the amount of \$AMOUNT payable to Immanuel Lutheran Church, and mail it to:

Immanuel Lutheran Church  
104 S Snelling Avenue  
St Paul, MN 55105-1959

In your transmittal to the charity, please list my name and address as the donor of record in connection with this transfer. Please copy me on your transmittal. If you have any questions, I can be reached at (PHONE NUMBER). Thank you for your assistance in this matter.

Sincerely,

PLAN OWNER/DONOR



## **SAMPLE LETTER OF INSTRUCTION TO CHARITABLE ORGANIZATION**

DATE

Pastor Cindy Bullock  
Immanuel Lutheran Church  
104 S Snelling Avenue  
St Paul MN 55105

RE: Qualified Charitable Distribution from IRA

Dear SALUTATION:

It is my pleasure to inform you that I have requested a qualified charitable distribution from my IRA with IRA CUSTODIAN NAME, payable to Immanuel Lutheran Church in the amount of \$AMOUNT. It is my intent to comply with the requirements of the Consolidated Appropriations Act of 2016.

Please use my gift to strengthen the ministry of Immanuel Lutheran Church by distributing it in the following way: (GENERAL PURPOSES, SPECIFIC PROJECT/PROGRAM, AND/OR ENDOWMENT)

I will await your acknowledgement with the date of my gift, the name of my IRA custodian, the amount of my gift, that the gift is a qualified charitable distribution, a statement that no goods or services were provided in exchange for the gift, and a statement that Immanuel Lutheran Church qualifies as a Sec. 170(b)(1)(A) public charity and the gift is not to a Sec. 509(a)(3) supporting organization or Sec. 4966(d)(2) donor advised fund.

Sincerely,

DONOR NAME  
CONTACT INFORMATION