St. John's

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USING YOUR IRA TO MAKE CHARITABLE CONTRIBUTIONS

1

Contact your
IRA Administrator

2

Complete the
appropriate instructions
(online or in writing)
to give the amount
or the percentage to
St. John's Orange

3

Contact the Advancement
Department to let us
know the transfer
is on its way - wired or
mail - and indicate any
special instructions or
designation. Your IRA
Administrator will make
the transfer directly
to St. John's Orange.

hidden potential
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What is a Required Minimum Distribution (RMD)?

If you are 72 or older and retired , IRS rules state that you must take a **Required Minimum Distribution (RMD)** each year for your tax-deferred retirement accounts (IRAs). This amount of this distribution varies by age (roughly 4% to 12% of your IRA each year) However, this additional taxable income may push you into a higher tax bracket or may reduce your eligibility for certain tax credits and deductions.

To reduce or eliminate the impact of RMD income, investors who are philanthropically minded are using this distribution as a win-win option for both their own financial standing as well as the organizations they choose to support *(like St. John's!)*. This type of donation from an RMD is often called a **Qualified Charitable Distribution (QCD)**.

How does it work?

QCD's are tax free distributions to 501(c)3 organizations (charities). They can be a one-time rollover gift made each year or can be a recurring rollover gift made with an automatic withdrawal system. Whichever way you choose to make a donation through your IRA, you must complete the transfer by the end of each calendar year. While this distribution transfer is not considered a charitable income tax deduction, you do still have a comparable or even better tax benefit, because you are not having to include the RMD income as regular IRA taxable income.

If I choose to transfer my annual RMD to a charity, must I transfer all of it?

No. You may choose to transfer a portion of your RMD as a QCD or you may transfer all of it. A QCD can also exceed your RMD.

Can I take funds from my 403b or my 401k?

No, only funds from an IRA are eligible for a tax-free transfer to a charity.

What is the deadline for this type of support?

The IRS says you must take your RMD by **December 31** to apply to that year's tax return, so the same is true for your QCD. It is also important to remember that this is a multi-step process. Be sure to give yourself, your IRA Administrator, and St. John's time to process your gift so you enjoy the appropriate tax benefits for that year.

Can I withdraw the money directly from the IRA and then write a check to the charity?

No, and this is an important question! **Funds must be a direct transfer from your IRA account to the charity.** If you have check writing privileges with your IRA, you can write the check yourself, or your IRA Administrator or Financial Advisor can make the transfer for you. Please contact the charity for instructions or direction on their end prior to making the transfer. St. John's Advancement Office can also provide instructional letter templates if required by your IRA.

What if I still have questions?

We are happy to help! Please contact St. John's Advancement Department for further support. If you need assistance or want to talk to a Financial Planner or Certified Public Accountant as well, we can point you in the right direction!

* Please note that the Advancement Team at St. John's Orange are not Financial Planners, CPAs or Attorneys and the above information is general information for taxpayers. Please connect with your advisors to develop a plan that is best for you. We can also direct you in any Estate Plans or Planned Giving in which you would like to include St. John's Orange.