

### ***The ABCs of QCDs, RMDs and IRAs***

The QCD strategy allows you to transfer up to \$100,000 per year from your IRA directly to a qualified charity. It is only available for traditional IRAs and individuals who have reached age 70 ½. Any amount processed as a QCD counts toward your RMD requirement and reduces the taxable amount of your IRA distribution. This will lower both your adjusted gross income and taxable income, resulting in a lower overall tax liability.

The QCD must be a direct transfer of funds from your IRA custodian, payable to a 501(c)(3) organization like the CGH Health Foundation. Funds distributed directly to the IRA owner and subsequently given to a charity do not qualify.

Funds distributed directly to the IRA owner and subsequently given to a charity do not qualify. You may have the custodian send you the donation, made out to the charity, so you can hand it to them yourself. Currently, your IRA custodian is not required to specially identify the QCD on your annual 1099-R form. You'll want to be sure your tax preparer reduces the taxable amount reported for your QCD.

If you are eligible to itemize your deductions this strategy still may benefit you, but you should note there's no double dipping. If you donate via the QCD, you don't get to take the charitable deduction on your itemized deductions.

The Tax Cuts and Jobs Act has made this tax strategy relevant to more people than ever before. The changes in the law mean that many people, who previously would have itemized their deductions, will now be taking the standard deductions.

For 2018, the standard deduction amounts will increase to \$12,000 for individuals, \$18,000 for head of household, and \$24,000 married filing jointly plus \$1,600 for those 65 or older or \$2,600 if you're married and both 65 or older. When you claim the standard deduction you get no benefit for any of your itemized deductions, including your charitable donations.

However, if you're a senior taking required minimum distributions (RMDs) from your traditional IRA, there's a smart strategy that will still allow you to obtain a taxable benefit from your charitable donations, even if you're still claiming the standard deduction.

For any retiree that is 70 ½ or older, owns an IRA subject to RMDs, and is charitably inclined, a QCD really works to preserve an income tax reducing charitable deduction under the new tax law. Don't miss out on this great tax strategy.