# MAKE THE MOST OF YOUR GENEROSITY

## through Qualified Charitable Distributions from IRAs

Tax law changes in recent years have made charitable giving directly from IRAs a bit more confusing, but for many seniors, IRA giving is still the smartest way to support qualified charities. That's because those age 73 and older (with the exception of non-retired persons with a workplace qualified retirement plan such as a 401 (k) or profit sharing plan) are required to withdraw a minimum amount each year from their IRAs, 401(k) or other tax deferred accounts, known as "Required Minimum Distribution" or RMD. If you are 70½, you can donate directly to charities from your IRA.

If you have money invested in an IRA or other qualified retirement plan and you're 73 or older, you must withdraw your RMD annually, and that amount is subject to tax. Your IRA custodian can calculate the amount of your RMD. If you do not withdraw your RMD, the IRS assesses a 25% penalty. But you can direct your IRA custodian to pay all or a part of your required distribution (up to $105,000 annually) directly to Resurrection and/or other qualified charities and avoid paying tax on the distribution. These direct roll-over distributions count toward your RMD. If your retirement funds are in another type of retirement account, such as a 401(k), you must first transfer the funds to an IRA, and that must be done prior to the RMD year. A direct gift from an IRA to a charity is called a "Qualified Charitable Distribution" or QCD.

In recent years, this alternative has become even more attractive because Standard Deductions are much greater than in the past. For example, those 65 and older filing joint returns in 2024, can deduct $30,750 without itemizing deductions for medical expenses, mortgage interest, state and local taxes, and charitable donations. For single filers over the age of 65, it's $16,550. And the deduction for state and local income and property taxes is limited to $10,000, and unreimbursed medical expenses are deductible only to the extent they exceed 7.5% of Adjusted Gross Income. So, many seniors filing joint returns must donate over $22,000 to charities before itemizing deductions makes sense.

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Excluding RMDs from taxable income (thereby reducing Adjusted Gross Income)  can save taxes in other ways too. It may…

- Reduce the amount deducted from your monthly social security for Medicare,
- Reduce or eliminate the amount of tax paid on your social security income,
- Reduce or eliminate the 3.8% Medicare surtax levied on investment income, and/or
- Reduce or eliminate liability for Alternative Minimum Tax.

And, even if itemizing deductions is still advantageous, subtracting QCDs from one's income may…

- Increase the deductible portion of medical expenses, and/or
- Avoid the annual limits on other deductible charitable contributions.

# LEGACY GIVING

From an income tax standpoint, the best way to make a legacy gift to a charitable organization is from an IRA or other tax-deferred account. Most charitable and religious organizations are tax-exempt and therefore pay no income tax on gifts they receive, including distributions from IRAs and other tax-deferred accounts. However, if the recipient of a distribution from such an account is an individual, income tax is generally owed by the individual on the full amount received. Please contact our team if you have questions about a QCD to our Church or a legacy gift to the Resurrection Foundation.

Resurrection has a form you may use for your "Request for Charitable Distribution from Individual Retirement Account." Please contact the Donor Relations team at **development@cor.org** or go to **cor.org/give** for the form.

For additional information, contact:
Debi Nixon, Executive Director of Donor Relations
development@cor.org | 913.544.0709