



## **Have gray hair and wisdom? You may be able to make a tax-reducing gift to the Bellevue Rotary Foundation with an IRA distribution**

Did you know that if you are 70 ½\* years old or older you can meet your annual minimum IRA distribution by making a gift to the Bellevue Rotary Foundation?

These distributions are called Qualified Charitable Distributions (QCDs). By making a QCD you can achieve your annual required minimum distribution without creating taxable income and benefit the Bellevue Rotary Foundation at the same time.

QCDs provide you with tax benefits even if you are not itemizing as you avoid paying federal income taxes on the IRA distribution. Also, since the QCD does not count as income it may reduce your annual income level. This may also help lower your Medicare premiums and decrease the amount of Social Security that is subject to tax. Please keep in mind that if you do itemize you are not able to also take a charitable deduction on the distribution.

### **How it works:**

Robert is age 71. He has \$1,000,000 in an IRA and he doesn't need his entire minimum distribution (\$37,736 based on IRS required minimum distribution [worksheet](#)) for the year. Robert and his wife Sylvia are active philanthropists and want to support the Bellevue Rotary Foundation. Robert and Sylvia's tax advisor suggest that they make a QCD to the Bellevue Rotary Foundation for the amount in excess of what they need for the coming year. As a result, they make a QCD to the Bellevue Rotary Foundation for \$20,000 and a distribution to themselves for remaining balance. The full \$20,000 counts towards the annual minimum distribution and they only pay taxes on the \$17,736 distributed to themselves. Plus, they make a huge impact on their community by supporting the Bellevue Rotary Foundation which makes grants to charities locally and around the world.

### **Frequently asked questions:**

*Q. How do I make a QCD?*

A. Contact your IRA custodian. Typically, you are required to fill out an IRA withdrawal form. Included in this form is often the charity's name, amount to be distributed, charity's address. They may also request the charity's EIN. Here is Bellevue Rotary's information:

Bellevue Rotary Foundation  
P.O. Box 523  
Bellevue, WA 98009  
EIN 91-1501333

\* Starting January 1, 2020, the mandatory age changed. If you were not 70 ½ before December 31, 2019, the age for beginning mandatory distributions has changed to age 72 for IRA owners.

*Q. When do I need to make my gift to qualify for the minimum distribution?*

A. Distributions must be received by the Bellevue Rotary Foundation by December 31 each year to qualify for the annual distribution

*Q. What is the maximum QCD I can make that will qualify towards my required minimum distribution?*

A. \$100,000 in total for all QCDs made in one year

*Q. How can I give more than \$100,000 per year?*

A. If you have a spouse (as defined by the IRS) who is also 70 ½\* or older that also has an IRA account you can each give up to \$100,000 for a combined total impact of \$200,000.

*Q. Can I make a QCD from my 401(k)?*

A. No, QCDs can only be made from IRAs. You may be able to roll-over 401(k)s and other funds (e.g. pension, profit sharing or 403(b) plan) into an IRA and then make a QCD. Consult your plan administrator.

*Q. Can my QCD be used as part of a life-income gift such as a charitable remainder trust or gift annuity?*

A. No

*Q. May I receive anything of tangible value for a QCD?*

A. No, QCD donors are not allowed to receive anything in return, such as an event ticket. If directed to the Bellevue Rotary Legacy Fund we will count the QCD as a donation for recognition in the BRC Circle.

Should there be any questions, please feel free to contact the Bellevue Rotary Club Administrator by e-mail at [ClubAdmin@bellevuerotaryclub.net](mailto:ClubAdmin@bellevuerotaryclub.net) or by phone at (425) 998-7542.

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