

Strategic Giving Through Your Traditional IRA

QUALIFIED CHARITABLE DISTRIBUTIONS

Have you passed your 70th birthday? Do you make charitable contributions? If so, you need to know about an option the IRS has created for donors age 70½ and older — the ability to make tax-free charitable distributions from a traditional IRA.

Called **qualified charitable distributions** (QCDs), these gifts go directly from the IRA administrator to the charitable organizations you support, turning funds that are otherwise taxable into your personal tax-free giving fund.

WHY ARE QCDs A TAX-SAVVY WAY TO MAKE FUTURE CHARITABLE GIFTS?

- > The tax benefits of giving cash are lost if you are part of the estimated 86 percent of taxpayers who now claim the higher Standard Deduction. QCDs restore the tax benefits of giving whether or not you itemize deductions, because they are tax-free distributions from your traditional IRA.
- > Your precious cash is likely a small percentage of your assets: More than 90 percent of wealth in the United States is held in non-cash assets such as retirement funds. Your traditional IRA might be the largest or most valuable asset you own, yet accessing traditional IRA funds for purposes besides QCDs triggers ordinary income tax.
- > Because the IRA administrator distributes the funds at your direction, you can consolidate annual giving onto one form and eliminate checks, mailing gifts, or entering your credit card for every charity you support.
- > If you are age 72-plus, QCDs count toward required minimum distributions, thus lowering annual taxable income from a traditional IRA.
- > QCDs may be used to satisfy charitable pledges.



IMPORTANT RULES TO REMEMBER

- > You must have the funds issued directly to the charity from the IRA administrator.
- > You may not claim charitable deductions for QCDs and must obtain gift acknowledgement as with any charitable gift.
- > You may not use QCDs to give to donor-advised funds or private foundations, or to fund charitable gift annuities, or for sponsorships or memberships that return any tangible benefit to you.
- > You may charitably distribute a maximum \$100,000 tax-free per person per year.
- > Generally, Roth IRAs are not suitable for QCDs and other qualified retirement plans — 401(k)s, 403(b)s, etc. — are not eligible.

HOW TO MAKE A QUALIFIED CHARITABLE DISTRIBUTION

- 1** Contact your IRA custodian, administrator, or broker (Fidelity, Schwab, etc.) to complete a Qualified Charitable Distribution Form, listing the charitable organizations and amounts where you wish to give. Gifts to UMB and the University of Maryland schools of dentistry, law, medicine, nursing, pharmacy, social work, and graduate studies should go to:

**University of Maryland Baltimore Foundation (31-1678679)
220 Arch St., 13th Floor, Baltimore MD 21201**

- 2** Contact the UMB Office of Philanthropy at 877-706-4406 or plannedgiving@umaryland.edu to inform us how you want your gift to be used or to which school, account, or program your gift should be directed.

For additional information or questions about QCDs or other strategic ways to support UMB, please contact E. John McKee, MA, interim associate vice president for philanthropy, at 410-706-2069 or jmckee@umaryland.edu.