

Valued Supporter: The HRSEF greatly appreciates your support and would like to share an exciting donation strategy with you. With the recent tax law changes this is a way for you to benefit from donating using your IRA. Please read below.

### **How a Qualified Charitable Distribution from an IRA Works**

Normally, when you take a distribution from a traditional IRA, you pay taxes on it since you didn't pay taxes on the money when you put it into your IRA. But if you are age 70½ or older and make a contribution directly from your traditional IRA to a qualified charity, you can donate up to \$100,000 without it being considered a taxable distribution. To avoid paying taxes on the donation, you must follow the IRS's rules for qualified charitable distributions (QCDs), also called charitable IRA rollovers. Most churches, nonprofit charities, educational organizations, nonprofit hospitals and medical research organizations are qualified charities. The charity you give to will not have to pay taxes on your donation.

Since you are already getting a tax break on your donation, you cannot double dip and also claim the donation as a deduction on Schedule A. You're allowed just one tax break, not two. If you make other donations to charity that don't use your IRA funds, however, you can still claim each of those donations as an itemized deduction on Schedule A. If you don't itemize your deductions on Schedule A and you take the standard deduction on your annual tax return instead, a charitable IRA rollover will give you a tax break that you otherwise couldn't receive for donating money.

### **QCDs and Required Minimum Distributions**

You can also use your qualified charitable donation to meet all or part of your IRA's required minimum distribution (RMD) for the year. Traditional IRA owners must start taking RMDs at age 70½ or face tax penalties. The charity must receive your donation by Dec. 31 for you to apply it to that year's tax return. Roth IRAs do not require distributions while the account holder is alive.

If you are interested in learning more or need assistance facilitating a donation to HRSEF using this strategy we are here to help, please contact Spencer Brookshier at (208) 680-3334 or sbrookshier3@gmail.com.

Thank you again for your support!