

IRA Distributions

Make a difference, tax-free



Foxdale
Village

A Quaker-Directed Continuing Care Retirement Community

After you reach 70.5 years of age, you are required by the Internal Revenue Service to begin withdrawing money from your individual retirement account. This requirement offers an excellent opportunity to give tax-free dollars to charitable organizations like Foxdale Village.

What is a QCD?

A Qualified Charitable Distribution (QCD) is an IRA withdrawal when you are 70.5 or older that would normally be taxable, but becomes tax-free when it is paid directly to a qualified charitable organization. Foxdale Village has been granted tax-exempt status by the Internal Revenue Service and is designated as a qualified charitable organization that can receive tax-deductible charitable contributions.

Is there a dollar limit?

Individuals may give up to the maximum amount of \$100,000 each year. Married individuals filing a joint tax return could each qualify for an income exclusion up to \$100,000, allowing them to give away \$200,000 jointly.

Can a QCD count as a Required Minimum Distribution (RMD)?

Yes, you can direct the entire RMD to be transferred to a qualified charity, and it will count toward meeting your RMD for that tax year. The IRS requires you to start receiving a minimum amount from your IRA during the year you turn age 70.5.

To qualify as a QCD, you must be exactly 70.5 or older at the time you take the distribution. For example, if your birthday is January 1, 1950, you will not be able to make a QCD until July 1, 2020, or later.

What must I do to make sure my QCD is excluded from income?

1. The distribution check must be from your IRA custodian/trustee and made payable to the charity. However, you can ask the trustee to send the check to you if you want to deliver the check to the charity yourself.
2. Though you are not allowed to count the QCD as a charitable contribution if you itemize deductions, the charity must issue you a receipt acknowledging that they have received the gift and that you have not received any benefit in return for the gift.
3. You must report the QCD on your tax return.

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Please note Foxdale Village recommends you consult with your legal counsel and financial advisors before updating your estate plans or organizing a planned gift.

How do I report the QCD on my tax return?

Even though the QCD amount is not taxable to you, the IRS still requires the IRA custodian to issue a Form 1099R to you as if it was taxable. You must report the distribution on Line 15a and 15b of the Form 1040. For more information, please read the Form 1040 instructions or talk to your tax professional.

Are there any other benefits of the QCD?

Yes, lowering your income can help in other areas, since it can affect the impact of other tax credits and deductions, as well as Social Security and Medicare benefits. If you are concerned about no longer being able to itemize deductions without this charitable contribution, remember that you can still claim the standard deduction.

Interested?

To request an application, or learn more, please call Nate Ashton at 814-272- 2147, or send an email to nashton@foxdalevillage.org

From what types of IRAs can I withdraw?

Distributions can be taken from:

- Traditional and Roth IRAs
- Inherited IRAs – if you, the beneficiary, are 70.5 years of age or older.
- SIMPLE IRAs and SEP IRAs – if your employer does not contribute to the plan that year. In other words, if your employer contributed to your SIMPLE or SEP IRA this year, you would not be eligible for a QCD.

However, you could transfer money from your SIMPLE IRA or SEP IRA into a traditional IRA. Then, you could take the QCD from that IRA. With a SIMPLE IRA, you are permitted to transfer dollars to a traditional IRA only after you have the SIMPLE IRA for two years.

QCDs cannot be taken directly from your employer retirement plan account. So, distributions from a 401(k) or 403(b) plan cannot be used. Like the SIMPLE and SEP IRAs, you could roll over money from your employer's retirement plan account into a traditional IRA, which would allow you to take the QCD from that IRA.

Let us show you exactly how quickly, simply and easily you can make IRA distributions to Foxdale Village.