

QCD Article

Thursday, October 6, 2022 1:40 PM

Help Support your Holland Community Center with a Qualified Charitable Distribution from your IRA!

At your Holland Community Center, we are re-energizing our Giving Program in order to sustain and expand our mission of bringing the arts, education and community-based activities to the local area and beyond. We are launching various fundraising campaigns including increased focus on monthly giving, corporate donations, planned and also legacy giving from our much appreciated Holland Community Center donors. Giving comes from many sources and in many forms, of course, and we appreciate all the help. It really does take a village!

At the HCC, every year close to 4000 adults come to gather, hike, create, learn and volunteer, and over 500 kids enjoy summer camps, learning and acting! We have literally 100s of educational, civic and entertainment programs and classes for you to enjoy! Are you able to donate financially? Here is one possible idea that may apply to you.

What is a Qualified Charitable Distribution (QCD)?

When planning your IRA withdrawal strategy, you may want to consider making charitable donations through a Qualified Charitable Distribution, known as a "QCD". A QCD is a distribution of funds from your IRA **directly** to a qualified charitable organization, such as the **Foothills Community Foundation** (the 501(c)(3) Charity name for the Holland Community Center). Because the gift is made directly to the charity without passing through your hands, the dollar amount of the gift may be **excluded** from your taxable income up to a maximum of **\$100,000 annually**, or **\$200,000 annually**, if you are married, filing jointly. The QCD exclusion allows potentially larger Federally tax-efficient gifts without the limits that apply to the itemization of deductions.

Who can make a QCD and what are the basic Federal tax features?

While many IRA plans are eligible for QCDs - including Traditional, Rollover, Inherited, inactive SEP, and inactive SIMPLE plans - there are some requirements:

- You must be 70.5 years of age or older.
- QCDs are limited to the amount that would otherwise be taxed as ordinary income. This excludes non-deductible contributions.
- A QCD can help to reduce any Required Minimum Distribution (RMD). Check the latest rules (link below) on whether the RMD rules apply to you.
- For a QCD to count toward your current year's Required Minimum Distribution (RMD), the funds must come out of your IRA by your RMD deadline, **generally December 31**.
- Contributing to an IRA may result in a reduction of the QCD amount you can deduct, so check ahead.

Which charities qualify as recipients?

A charity must be a 501(c)(3) organization, eligible to receive tax-deductible contributions, such as the **Foothills Community Foundation**. However, charities that are private foundations, supporting organizations, or donor-advised funds, do not qualify as recipients for QCD purposes.

How do I make a QCD to Foothills Community Foundation?

Your QCD must be made **directly** from your IRA custodian to **Foothills Community Foundation** on your behalf. Each financial institution has its own process for initiating a QCD. Many retirement plan administrators require you to use their distribution forms and comply with other requirements, so follow your financial institution's forms and procedures to ensure you receive any potential tax benefits associated with a gift.

Planning Point! The QCD should be made directly from the IRA to the charity, **then** take any additional distributions to meet your RMD for the year, if required. Check the rules applicable in your circumstances regarding RMDs.

In summary, individuals who are required to take money from their IRA through RMDs - and even if not the case - but who do not otherwise need the funds for retirement living expenses, may consider making QCDs from their IRAs to support the valuable work of the HCC. There could be limitations in your circumstances and, indeed, there may also be other tax-efficient options available. Please learn more about your eligibility at [IRS.gov](https://www.irs.gov) and **be sure to consult your own tax advisor, including on any State tax rules**.

Let's not forget that **any amount** you can contribute to the HCC is important to us. We recognize and value the contributions of the entire HCC community. Ongoing monthly giving is also a cornerstone of our collective success, so please evaluate what makes sense for you. In some circumstances, gifts can also be earmarked to meet the specific needs of part of the HCC such as the Desert Awareness Group, Lifelong Learning or the Desert Foothills Theater. Please get in touch for more details.

Last but not least, there are a multitude of other ways in which you can make a difference at your Holland Community Center! You can contribute your valuable time by being a volunteer or simply by attending one of our many events or activities. Check our website at www.hollandcenter.org for the latest. We would love to have you involved!

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