

Qualified Charitable Distributions from an IRA

If you will be 72 years old or older this year and have an individual retirement account (IRA), you may be able to make a tax-free charitable gift to the United Church of Gainesville (UCG) directly from your IRA.

Since the amount of the standard deduction was increased in 2018, fewer people receive a tax benefit by itemizing their deductible expenses. However, a qualified charitable distribution from your IRA permits you to get a tax benefit from your charitable contribution without reporting it as an itemized deduction to your income.

A qualified charitable distribution qualifies as both a required minimum distribution and as a non-taxable charitable contribution. A qualified charitable distribution thereby reduces your taxable income by the amount of the charitable gift. Please note that the funds must come from a traditional, inherited, rollover, inactive SEP, or inactive SIMPLE IRA and not a Roth, active SEP, or active SIMPLE IRA. Also, the check from your IRA account must be made payable to UCG.

For answers to common questions go to <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-iras-distributions-withdrawals>. To view the current tax law regarding IRAs go to <https://www.irs.gov/forms-pubs/about-publication-590-b>.

The annual required minimum distribution from your IRA is reduced by the amount of your qualified charitable distribution. If you choose, your qualified charitable distribution can exceed your required minimum distribution as long as your qualified charitable distribution does not exceed \$100,000. In either case, your qualified charitable distribution lowers your adjusted gross income. In addition, if your 2022 adjusted gross income exceeds \$91,000 for an individual or \$182,000 for a couple filing jointly, a lower adjusted gross income may lower your 2024 premiums for Medicare Part B (which covers outpatient services) and Medicare Part D (which covers prescription drugs).

A qualified charitable distribution from your IRA to UCG can either fulfill your annual pledge, enrich the UCG endowment fund, or both. You may wish to consult your tax advisor to determine if this approach to charitable giving is suitable for you. Please contact UCG Accountant Catherine Cake if you decide to implement a qualified charitable distribution to UCG.