



## Consider Donating Your RMD (or a portion of it) to For Pete's Sake

### Who is eligible?

Any traditional IRA owner age 70.5 or greater. Donating your Required Minimum Distribution (RMD) directly from your IRA to a qualified charity is also known as a Qualified Charitable Distribution or QCD.

### Why should I donate my RMD directly as opposed to making a typical cash donation to For Pete's Sake?

Donations made to FPS directly from your retirement account will not be included in your adjusted gross income (AGI). In other words, you do not need to itemize your deductions to get the tax benefit of your gift. This is especially important in light of the Tax Cuts and Jobs Act of 2017 which is nearly doubling the standard deduction to \$12,000 for single filers, \$18,000 for heads of households and \$24,000 for married couples that file jointly. Taxpayers 65 and older can claim an extra standard deduction of \$1,600 for single filers and \$2,600 for married couples who are both at least 65 and filing jointly. The new bill also limited or eliminated many deductions. The higher standard deduction combined with a reduction in allowable itemized deductions means that many taxpayers will no longer itemize deductions, by donating your RMD you still receive a tax benefit without the need to itemize deductions.

A QCD must come from a Traditional IRA or Inherited IRA where the beneficiary is over 70.5.

QCDs are also permitted from SEP and SIMPLE IRAs that are not ongoing.

### Are there any additional benefits?

The QCD amount will not be included in your AGI which may provide additional benefits including avoiding the Medicare high-income surcharge. The surcharge increases your Part B and Part D premiums if your AGI is more than \$85,000 if single or \$170,000 if married filing jointly. Keeping your RMD out of your AGI could also make less of your Social Security benefits taxable.

### What else do I need to know?

QCDs must be made to qualified charities such as For Pete's Sake. The donation must go directly from your IRA to the charity. Many custodians have simplified this process by allowing IRA holders to receive a checkbook on their IRA for the sole purpose of making these QCDs. You must be at least 70.5 years old at the time of the QCD and are limited annually to \$100,000 in QCDs however you can donate this amount even if your RMD is lower (if you file taxes jointly, your spouse can also make a QCD from his or her own IRA within the same tax year for up to \$100,000).

QCDs apply only to taxable amounts. You may not transfer your basis (nondeductible IRA contributions or after-tax rollover funds) to charity as a QCD. QCDs are an exception to the pro-rata rule which usually applies to IRA distributions.

Please consult your personal tax advisor prior to making a QCD.



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