

Consider Transferring Your RMD to Charity



By Sam Hall, FLOW Communications Director

It's getting close to the Dec. 31 deadline for taking a required minimum distribution (RMD) from your IRA, so it's time to consider your options.

One option might be to give all or part of your RMD to charity. This can be done locally through Friends of Lake of the Woods (FLOW), an independent 501(c)(3) charitable organization dedicated to promoting and supporting the Lake of the Woods community.

In 2015, Congress made permanent the Qualified Charitable Distribution (QCD) provision of the Tax Code. This lets people over age 70-1/2 transfer up to \$100,000 from their IRA to charity and have it count as their RMD obligation without increasing their adjusted gross income. Better yet, no taxes are due on the amount transferred to charity.

If you make a tax-free transfer to a charity, you can't take a charitable deduction for that contribution. However, keeping the money out of your adjusted gross income can be valuable if it helps you avoid a higher tax bracket or, for example, keeps your income below the threshold for the Medicare high-income surcharge, which boosts your Part B and Part D premiums.

Consult your tax advisor on your particular tax situation.

Certain rules apply, perhaps none more important than having the check made out to the charity, not to you, so the money isn't included in your

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adjusted gross income and counts as a tax-free transfer. Contact your IRA administrator.

Also, you are urged to contact FLOW to learn how your contribution can benefit LOW. Call Jim at 972-3222 or visit friendsoflow.org.