

BOSTON BAROQUE

Martin Pearlman, Music Director

Consider satisfying RMDs *and* Charitable Giving with a QCD

What is a Qualified Charitable Distribution?

- A Qualified Charitable Distribution (QCD) is a direct transfer of funds from an IRA to a qualified charity.
- First introduced in 2006 as a temporary provision, the rules were made permanent as part of the Protecting Americans from Tax Hikes (PATH) Act of 2015.

What are the rules of a QCD?

- The IRA owner must be at least age 70 ½ and subject to minimum distribution requirements
- The maximum dollar amount is limited to \$100k per taxpayer per year
- With some exceptions, only distributions from IRAs (traditional or rollover) are eligible
- The distribution must go directly to a qualified public charity. At this time, the QCD cannot go to a private foundation or a donor-advised fund

What are the benefits of a QCD?

- QCDs may be counted towards satisfying required minimum distributions (RMD) for certain tax-deferred retirement accounts
- The distribution avoids any tax implications - the distribution is not included as income on the taxpayer's Form 1040, and the taxpayer does not receive a charitable deduction on Schedule A
- Since a QCD is not included in income, it will not be factored into a taxpayer's Adjusted Gross Income (AGI)

Process for making a QCD:

- Ask your IRA trustee/administrator to make a gift directly to Boston Baroque via Fidelity:
 - Boston Baroque's Fidelity account #X10-138215
 - Fidelity DTC #0226
- Notify C.C. Cave, Director of Development, 617.987.8600 x118 that you have initiated a distribution from your IRA.

If you are 70 ½ or older and have a 401(k), 403(b) or another retirement plan, we encourage you to consult with your financial advisor regarding QCD tax benefits!

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TAX BENEFIT COMPARISON:

QUALIFIED CHARITABLE DISTRIBUTION vs. REQUIRED MINIMUM DISTRIBUTION + CHARITABLE CONTRIBUTION

Income:	QCD	RMD + Charitable Contribution	Comments
Interest & Dividends	35,000	35,000	
Social Security Benefits	36,600*	51,000*	Taxable portion of SS Benefits (total \$60k) depends on AGI
Capital Gains & Losses	15,000	15,000	
IRA Distribution	<u>0</u>	<u>100,000</u>	100,000 RMD
Total Income	<u>86,600</u>	<u>201,000</u>	
Adjusted Gross Income	86,600	201,000	
Personal Exemptions	<u>8,100</u>	<u>8,100</u>	
Itemized Deductions:			
Charitable Contributions	0	100,000	100,000 Charitable Contribution
Taxes	<u>15,500</u>	<u>15,500</u>	
Total Itemized	15,500	115,500	
Standard Deduction	<u>12,600</u>	<u>12,600</u>	
Total Deductions from AGI	<u>23,600</u>	<u>123,600</u>	
Taxable Income	63,000	77,400	
Appropriate Regular Tax	<u>4,023</u>	<u>6,498</u>	
Total Federal Taxes	4,023	6,498	
Net Federal Tax Due	4,023	6,498	2,475 Fed Tax Savings
Resident State (MA) Tax	<u>2,895</u>	<u>7,995</u>	
Net Resident State (MA) Tax Due	2,895	7,995	
Total Net Tax Due	6,918	14,493	7,575 TOTAL Tax Savings (Fed + State)