

How do I make a QCD?

- ◆ Your first question should be, “How can we support the Lord’s work as stewards of His gifts?”
- ◆ Then have a conversation with your spouse or family to choose a good ministry to support and also talk with your tax professional.
- ◆ Your gift can be directed to your church, ELS missions, our Bethany Lutheran Theological Seminary, or, Bethany Lutheran College.
- ◆ While you can give at Age 70 ½ you may want to wait until age 73 to offset taxable income from required minimum distributions (RMD).
- ◆ Then contact your IRA custodian to get the proper forms and provide the correct information before making your distribution.
- ◆ Remember, it will take a while to do this. Leave a couple of weeks to complete everything, so don’t delay. Get started today!!!

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Gifts of any size are appreciated!

The information contained here is not intended as legal advice. For legal and tax advice the Synod Foundation urges you to consult an attorney or tax professional.

Let everything that has breath praise the Lord. Psalm

150:6 EHV



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Updated 1/17/23



What is a Qualified Charitable Distribution?



**A Publication of
The Evangelical Lutheran
Synod Foundation**

What is a Qualified Charitable Distribution?

An IRA Qualified Charitable Distribution (QCD) is an alternate way to take one's Required Minimum Distribution (RMD) from your IRA that starts at age 72.

Instead of taking a taxable distribution you can distribute all or a part of your RMD to a charity, or ministry of choice. While you still have to report the distribution, you can reduce the taxable portion of your annual RMD by the amount you distribute to a charity (like the ELS).

History of the QCD

While IRAs were first started in the mid 70's, they have undergone huge changes allowing for some really good savings plans for individuals. In some cases individuals have done well enough that withdrawals end up being heavily taxed.

How many dollars are in IRA's? As of 2020 there were over 12 Trillion dollars in IRAs.

A big change in this for churches and other charities came out in 2006 when the qualified charitable distribution was introduced and put into law. While it was a year-to-year provision for the first 10 years, **in 2016 the QCD from traditional IRA's became law with no sunset provision.**

This provision gives Christian stewards **a wonderful tool** whereby they can plan their gifts with a notable

reduction in taxation due to otherwise highly taxable RMD's.



IRA Charitable Rollover Rules.

Keep these rules in mind in making your QCDs.

- You must be 70½ or older on the day of the gift.
Keep in mind, RMD's start at age 73 in '23.
- You can transfer up to \$100,000 directly from your IRA to one or more qualified charities.
- **IMPORTANT:** This opportunity applies only to IRAs and not to other types of retirement plans.
- You pay no income tax on the gift. The transfer generates neither taxable income nor a tax deduction.
- You benefit even if you do not itemize tax deductions. ***This is a huge point!***
- The gift can satisfy all or part of the **required minimum distribution (RMD)** for the year.
- **NEW:** This may not be used to fund a *gift annuity*, charitable remainder trust, DAF or private foundation. **NEW FOR 2023:** A one-time QCD can fund one Gift Annuity! Max: \$50K
- ***The donor does not receive any goods or services in return for the rollover gift in order to qualify for tax-free treatment.***
- You need a special acknowledgement from your charity for your tax records. ***A vital point!***
- This QCD law does not have an expiration date. Donors can make gifts in any year.
- **Be aware:** The anti-abuse rule of the SECURE Act states that any contributions to an IRA after 70 ½ has be distributed as regular income before contributions

qualify as QCDs.

- **Always, always, consult your tax professional before making large gifts.**