

This month I will be presenting the charitable giving process when using a Required Minimum Distribution and a Qualified Charitable Contribution. There are specific requirements for how these are to be handled, which I will describe.

- A RMD is a Required Minimum Distribution that anyone over the age of 70 ½ must take.
- A QCD is a Qualified Charitable Distribution. The QCD is a direct transfer of **non-taxed** funds, from an IRA custodian, payable to a qualified charity. It cannot exceed \$100,000.
- A qualified charity must be a 501(c)(3) organization, eligible to receive tax-deductible contributions.
- To do a QCD, retirees must instruct the IRA custodian that manages their IRA to direct some or all their RMD to one or more charities. The firm must send the money directly to the Charity or send the retiree a check made out to the charity, which then must be forwarded directly to the charity.
- The IRS does not allow the taxpayer to collect the money first and then donate if for the QCD.
- The QCD donation must be made during the calendar year of which a retiree is taking a RMD and filing a tax return.
- Retirees must be careful to report QCD donations correctly on returns, which can be a bit of filing headache that even confused some accountants. This is because the brokerage or fund company that manages the IRA will report it on Form 1099-R as a regular IRA distribution. The taxpayer must note on their return that it's a QCD and not taxable.
- It is also up to the taxpayer, not the broker-dealer, to make sure a charity is qualified.

### **Who are the New Hope Church's Qualified Charitable recipients?**

First let me explain that New Hope Reformed Church's 501(c)(3) is a result of our being under the umbrella of the Reformed Church in America. The following are New Hope Church's Qualified, 501(c)(3), Charitable recipients:

1. New Hope Reformed Church,
2. The New Hope Church Foundation Fund of The Columbus Foundation,
3. The New Hope Church Fellowship Pavilion Fund of The Columbus Foundation,
4. The New Hope Church Endowment Fund.

### **The New Hope Church's Contribution Procedure:**

1. The RMD/QCD will be received by New Hope Church's Church Administrator. Please be sure to address the donation to the attention of the Church Administrator.
2. The donor will designate which charity(s) is to receive the funds, and the amount to be distributed to each fund.
3. The RMD/QCD will be entered into the donor's New Hope Church's account, in CDM.
4. The contribution will be deposited into New Hope Church's Huntington Checking account.
5. The transaction(s) will be distributed, to the Qualified Charity, as per the donor's instructions.
6. An acknowledgement letter will be sent:

*"Your gift from your Individual Retirement Account was transferred directly from your IRA custodian and we are acknowledging that it is your intention for all of your gift to qualify as a qualified charitable distribution from your IRA under section 408 (d)(8) of the Internal Revenue Code. Your gift was not transferred to either a donor advised fund or a supporting organization as described in section 509(a)(3)." Your gift was distributed accordingly: Fund \_\_\_\_\_, Dollar Amount \_\_\_\_\_.*

The donation will also appear on the donors annual giving statement.

Please do not hesitate to contact me with any questions.

