



1690 Riedel Road | Crofton, MD 21114

cumc.net | 410-721-9219

IRA Qualified Charitable Distribution

In 2015, the Federal Protecting Americans from Tax Hikes (PATH) Act was signed into law. Donors may take advantage of the opportunity to make an IRA Qualified Charitable Distribution--a nontaxable distribution made directly by the trustee of your IRA fund to a qualified 501(c)(3) public charity. Community United Methodist Church is such a qualified charity.

The IRS requires individuals that are age 70 1/2 or older and have a regular IRA to withdraw a minimum amount from the IRA each year. You can find out your IRS yearly IRA required minimum distribution by contacting your IRA fund manager. An IRA Qualified Charitable distribution can be counted toward your IRA-required minimum distribution.

An IRA Qualified Charitable Distribution (QCD) is a great way for individuals that are age 70 1/2 or older with an IRA and a need to withdraw funds to meet a Required Minimum Distribution (RMD), to save on taxes and make a contribution to Community United Methodist Church of Crofton. The money you contribute to the church using a QCD is excluded from in your adjusted gross income on your tax return. The QCD is a better option to save taxes due than listing the donation as an itemized deduction.

You must be at least age 70½ when the IRA distribution is made. An IRA qualified charitable distribution (QCD) is a nontaxable distribution made directly by the IRA fund trustee (other than a SEP or SIMPLE IRA) to a 501(c)(3) non-profit organization eligible to receive tax deductible contributions. To qualify your IRA RMD as an IRA QCD, you cannot receive your RMD and write the church or other non-profit organization a check. The non-profit organization must receive your IRA QCD before the end of the year.

The church will send you an IRA QCD acknowledgement letter which will document your tax records for the IRS.

The maximum annual exclusion for QCDs per person is \$100,000. Any QCD in excess of the \$100,000 exclusion limit is included in income as any other distribution. If you file a joint return, your spouse can also have a QCD and exclude up to \$100,000. The amount of the QCD is limited to the amount of the distribution that would otherwise be included in income.

Qualified Charitable Distribution benefits include:

- The gift comes from your IRA, using pre-tax dollars.
- The gift amount is excluded from your taxable income.
- The gift amount can be applied towards your IRA minimum distribution requirements.

Basic requirements and limitations for a Qualified Charitable Distribution include:

- The donor must be at least 70½ years of age at the time of the distribution.
- The distribution must be from a Roth or Traditional IRA. Distributions from a SEP or SIMPLE IRA do not qualify as an IRA QCD.
- The distribution must be made directly from your IRA fund trustee to a qualifying charity, like Community United Methodist Church, a qualified 501(c)(3) organization.
- Qualified Charitable Distributions are limited to \$100,000.00 per individual per year (a spouse who qualifies may give a similar amount from his or her IRA).
- The IRA QCD must be received by the church before the end of the calendar year.

Can donors contributing IRA QCD to a charity also claim the IRA QCD as an itemized tax deduction?

No, because a contribution to a qualified charity is not taxed as income, the donor cannot claim an itemized tax deduction for that contribution.

To make an IRA qualified charitable distribution to the Church, a donor should:

1. Instruct your IRA fund to make the check payable to Community United Methodist Church (Taxpayer Identification Number 23-7325661) and send the check addressed as follows:

Community United Methodist Church of Crofton
1690 Riedel Rd
Crofton, MD 21114

If you receive the IRA QCD check naming the church, DO NOT cash the check. Bring the check to the church along with any documents received with the IRA QCD check.

2. Notify the church office by email to admin@cumc.net or by mail to the above address that the IRA QCD is being made. Include the donor's name, mailing address, the name of your IRA fund, the exact amount contributed, and allocation of the IRA QCD donation among the operating or other funds of the Church. This will help ensure that the donation is credited properly.

A donor may contact the church at 410-721-9129 if there are questions or additional information is needed. The church will send an IRA QCD acknowledgment letter or statement to the donor using the physical address on file.

If you have questions, you should contact your financial advisor, accountant, or tax preparer. The foregoing information is intended as general information only and is not intended as legal, tax, or other professional advice. Donors and others should consult their own tax professional(s) for specific legal or tax advice on this matter.