



## PERSPECTIVES: GENEROSITY

When you have a heart for investing in what God is doing, you want to make the most of your giving—to give smarter and maximize your impact.

Jeff Horst, who serves on Global Disciples U.S. Foundation, shares the benefits of using qualified contributions through your **Individual Retirement Account (IRA)**: “Taxpayers age 70½ or older can make tax-free qualified charitable distributions, of up to \$100,000 annually from their IRAs.”

To understand the benefit of these qualified charitable distributions, first consider another tax component of IRAs: Required Minimum Distributions. This is the minimum annual amount the IRS requires individuals age 70½ or older to withdraw from their traditional IRA or employer-sponsored retirement plan, such as a 401(k).

Unlike required minimum distributions, funds directed to Qualified Charitable Distributions are excluded from your gross income. Therefore, eligible taxpayers can direct up to \$100,000 per year to a qualified charity, reduce your Required Minimum Distribution, and avoid income tax on that amount. Lowering your gross income can also positively impact Social Security and Medicare benefits.

What is the advantage of using Qualified Charitable Distributions instead of a charitable contribution deduction? The answer is that Qualified Charitable Distributions streamline the process and likely result in greater tax savings versus first taking a Required Minimum Distribution, donating those funds to charity, and then writing it off as a charitable deduction. For taxpayers who don't itemize deductions on their tax returns, the exclusion from gross income for Qualified Charitable Distributions is a tax-effective way to make charitable contributions.

Jeff adds, “Donating your qualified retirement plan to charity as a legacy gift can also yield significant benefits for your estate and your charity.” If you have questions about how you might use your IRA or Retirement assets to make a gift to Global Disciples, we encourage you to speak with your accountant or financial advisor.



Jeffrey N. Horst, CPA, MST  
Partner, Tax Services Group  
RKL LLP