



Whidbey
Community
Foundation

*Connecting people who care
to causes that matter*

Qualified Charitable Distributions



A Simple Way to Give Using Your IRA

If you're age 70 ½ or older, you can make a tax-free Qualified Charitable Distribution (QCD) from your IRA to your own personalized fund or an existing fund at Whidbey Community Foundation. Doing so is a very simple and smart way to support your favorite charitable interests, no matter what those are.

If you want to simplify your giving, consider making a QCD (often referred to as an IRA Rollover gift) to establish a fund at the Foundation. When you do, if you're 70 ½ or older, you can make a gift of up to \$100,000 directly from your IRA to the Community Foundation for your fund. The money you direct to the Community Foundation will be excluded from your ordinary income for federal income tax purposes, and the amount will count towards your required minimum distribution (RMD) for the year!

It's easy to make an QCD to your favorite charity – just consult with your retirement plan administrator and have them transfer a specific dollar amount directly to the charity of your choice. But if you want to do more with your qualified charitable distribution than make a one-time, “lump sum” contribution to a single nonprofit, the Community Foundation can provide additional flexibility or anonymity that you can't find elsewhere.

With Your QCD You Can...

...set up a fund to support your church, alma mater, or other cause with an annual gift in your name, forever.

...simplify your giving with a fund that you use to do all of your annual giving from one place with one gift.

...leave a legacy for the causes you care most about so your generosity continues after your lifetime.

Because we are a 501(c)(3) charity, you can make Qualified Charitable Distributions to the Community Foundation. We will then distribute your donation to nonprofits with your unique charitable wishes.

Meet the Joneses:

Bob and Jane Jones are enjoying retirement at the age of 72. They have a diversified portfolio including traditional IRAs and have an annual joint RMD of \$24,000. The Joneses are in the 24% tax bracket and want to make a \$10,000 donation to their favorite charity. Should they make an outright gift or use a QCD?

If the Joneses decide to direct a \$10,000 QCD to charity, they reduce their taxable income by \$10,000, still get to claim the same \$26,550 standard deduction and they save \$2,400 in federal taxes. Using their QCD for good is a great way to give!

If the Joneses had many charities they wanted to support, they could choose to direct their QCD to their fund at WCF and pre-designate all of their charitable contributions for the year at one time, simplifying their giving.

P.O. Box 1135 Coupeville, Washington 98239

P 360-660-5041 **E** info@whidbeyfoundation.org **W** www.whidbeyfoundation.org

Frequently Asked Questions about QCDs

What is the minimum age for making a Qualified Charitable Distribution (QCD)?

You can make a bequest to the Community Foundation through your Will or living trust, or you can name the Community Foundation as the beneficiary on an Individual Retirement Account or life insurance policy.

If I make a QCD, does it affect my Required Minimum Distribution (RMD)?

If you're 72 the amount distributed to WCF will be deducted from your RMD.

Is there a tax deduction for making a QCD?

QCD gifts are not deductible – but the money is never included in your income in the first place, which for many people is more favorable than a deduction. However, if you continue to contribute to your IRA after turning 70 ½, the deductible amount will reduce, dollar-for-dollar, the amount of a QCD that can be excluded from your income. For example, if you give a \$50,000 QCD but have contributed \$20,000 to your IRA, only \$30,000 of the QCD will be excluded from your taxable income. You can, however, itemize the other \$20,000 as a charitable deduction if it is helpful to you.

I don't have an IRA. Can I make a QCD from another retirement account?

Roth IRAs are eligible for rollover treatment; however, you may wish to discuss with your financial advisor whether this is the most tax effective way for you to give because you have already paid income tax on your Roth IRA assets.

What is the minimum gift size?

The minimum gift size depends on the type of your you're establishing. Some of our existing funds have no minimums, but fund minimums for establishing a new designated fund or a new field of interest are \$10,000.

Is there a maximum gift size?

The maximum distribution permitted by the IRS is \$100,000, per account holder (i.e., per spouse), per year. So a married couple can give \$200,000 (\$100,000 from each of their IRAs).

Are there restrictions on Qualified Charitable Distributions?

A QCD cannot be used to make gifts when the donor receives a benefit in return (i.e., to attend a dinner) or to establish donor advised funds. However, the Foundation can work with you to create a designated fund that would support your various charitable interests in the amounts and at the times you designate.

How do I initiate a QCD?

In most cases, you just need to contact your IRA custodian. If you have an IRA with check-writing features, please be aware that your check must be made out to "Whidbey Community Foundation" and must clear your account by December 31 to count toward your RMD for the current year.

When should I initiate a request for a QCD?

You may request a QCD at any time during the year. If you intend that your distribution count toward your RMD, please begin your transfer by early December to allow ample time for your transfer to be completed. If you manually request your RMD for the year you should identify if you want to take advantage of the QCD option before you request the RMD, because you must instruct your plan administrator regarding the QCD. If you do not indicate the request for a QCD, once you have taken the distribution you cannot unwind it. If you automatically receive your RMD each year you may need to turn off automatic payments and instead manually request the QCD.

Can my IRA gift satisfy a pledge?

Yes! Payment schedules of various lengths may be established by the donor.

What type of acknowledgement should I expect?

We will send you a written acknowledgement of your gift to thank you and to confirm the amount of your gift and its intended purpose. Because there is no income tax deduction, you will not receive a conventional receipt.

This information does not constitute legal, tax or financial advice. You should consult with your own advisor when planning this or any other charitable gift.

P.O. Box 1135 Coupeville, Washington 98239

P 360-660-5041 E info@whidbeyfoundation.org W www.whidbeyfoundation.org