

If you are over the age of 70.5 (or 72 depending on when you got to 70.5) and own a traditional IRA, you are required to begin taking withdrawals from your IRA. A minimum withdrawal is required each year and is known as a Required Minimum Withdrawal or RMD. The entity managing your IRA will tell you early each year what the amount of your RMD is for that year. Distributions from traditional IRAs (not Roth IRAs) are fully taxable. However, you can redirect your RMD to qualified charities (other than donor directed funds) through a Qualified Charitable Donation or QCD. You are then entitled to a credit for the amount of the QCD. That is, the amount of the QCD reduces your taxable income on a dollar for dollar basis. The credit is not a deduction. You may, therefore, be able to use your QCD to maintain charitable donations which you may have formerly had to deduct using itemized deductions and become eligible to use a standard deduction. The QCD is made directly from your IRA to the charitable entity pursuant to instructions given by you to the manager of your IRA. Please contact your financial or tax advisors to determine what you can best do with your RMD.