

## Qualified Charitable Distributions

### How to Reduce Taxes and Give to Charity at the Same Time

Prepared for McLaren Bay Medical Foundation by:

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Weinlander Fitzhugh is a full-service accounting and financial consulting firm. With more than 70 years of experience, WF has expertise and insight in a complete range of services such as accounting, auditing, tax planning and preparation, management consulting, retirement plan administration, financial planning and more. Since 1986, Dave has been providing services for WF clients, as well as being an active community volunteer. Currently, Dave serves as Treasurer of the McLaren Bay Medical Foundation Board.

### Qualified Charitable Distribution



In order to understand **qualified charitable distributions** (QCD), you must first understand **required minimum distributions** (RMD). People who have invested in **individual retirement accounts** (IRA) are required to take RMDs each year after obtaining the age of 72. This annual RMD increases an individual's taxable income and as a result, additional income tax is paid on this distribution.

QCDs are also called IRA charitable distributions or IRA charitable rollovers. These distributions allow an individual to fulfill the annual RMD requirements by directing the transfer of up to \$100,000 annually to one or more charities. QCDs are not included in an individual's taxable income, thus tax can be avoided.

QCDs are directly transferred from a traditional or inherited IRA to one or more charities by way of a written directive to your IRA custodian. The QCD funds are transferred directly to a charity without being physically handled by the individual owning the IRA. The ease of this direct transfer to a charity is especially appealing to those individuals who do not want to be burdened with the physical distribution of donations.

As noted earlier, an individual can contribute up to \$100,000 annually. For married couples, each spouse can make QCDs up to the \$100,000 limit for a potential combined total of \$200,000.

*It is recommended to discuss this gift option with your financial advisor or accountant to determine the appropriate amount and timing of this type of gift.*

*To learn more about how you can structure a gift for McLaren Bay Medical Foundation using IRA QCDs, appreciated stock or other assets, please contact:  
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