



The Community
Foundation of
Shelby County

Learning about IRA gifts

After years of deliberate saving and investing, your Individual Retirement Account (IRA) has grown. It may even exceed your need for daily living expenses and create a tax burden.

How can you reduce the burden and do something special with the annual Required Minimum Distribution (RMD)?

Give it to charity.

The Protecting Americans from Tax Hikes (PATH) Act of 2015 made permanent the opportunity to give up to \$100,000 or RMD to qualified charities. The Community Foundation of Shelby County is able to receive RMD gifts and place the assets in most types of charitable funds. Donor Advised Funds and Gift Accounts cannot receive RMD gifts.

You can direct your IRA provider to issue a check to the Community Foundation. The check is not payable to you, so it is not counted as income for tax purposes. You avoid paying income tax on the distribution and there is no additional charitable tax deduction.

Gifts from your IRA may particularly benefit you if you choose not to itemize on the year's tax return or you met your allowable gift deductions of cash or public traded securities.

Guidelines for donating IRA gifts:

Must be 70 ½ or older

Applies to Traditional IRAs

Maximum amount cannot exceed \$100,000 per tax year from an individual IRA

Distributions must be made payable to the qualified charity, such as the Community Foundation.

The transfer must be made by December 31 to count against the year's RMD.

Types of Funds at the Community Foundation that can receive Qualified Charitable Distribution (QCD):

Project Funds

Community Granting Funds

Designated Funds

Field of Interest Funds

Organization Funds

Scholarship Funds

It is important to talk to your tax professional before considering a charitable contribution from your IRA, to make sure this tax provision is right for you.

