

# IRA Qualified Charitable Contributions Reinstated, Made Permanent

Article written by **Scott D. Morrison** of Morrison Nordmann & Associates



## *Are you nearing or over the age 70 ½ facing the IRS's Minimum Distribution Requirement (RMD)?*

If retired, RMD rules force you to start taking withdrawals from your IRA's regardless of any actual need for the income. Essentially, the IRS allows tax deferred growth of IRA contributions and earnings until age 70 ½, at which time they say its time to invite Uncle Sam to the party. To determine the withdrawal to be taken, the IRS utilizes a graduated scale requiring greater and greater annual withdrawal percentages from your IRAs.

While additional income may be needed and welcomed by some, owners who do not need the additional income have their concerns. For example, this income may increase your income taxes on Social Security benefits, increase your Medicare insurance premiums, and increase your Adjusted Gross Income (AGI), thereby trimming your previously accepted itemized deductions.

Prior to 2016, some IRA owners opted to donate their RMD to charity under the rules of the IRS's Qualified Charitable Distribution (QCD), thereby adjusting the RMD from their otherwise taxable income. However, this option required annual legislative approval and placed donors "under the gun" to make quick decisions before tax filing.

Thanks to the Consolidated Appropriations Act of 2016 passed in January, the Qualified Charitable Distribution is now permanent.

So, for those charitably inclined IRA owners who don't need the additional taxable income created by a RMD, consider a QCD. QCD's offer alternative over taking taxable RMD distributions and then contributing to a charity.

Why? Because taxable IRA distributions must be included in taxable income, increasing the possibility of the bullet point concerns identified above. A QCD, on the other hand help, avoids these concerns by directly transferring the RMD proceeds to the charity, thereby not increasing the AGI, and allows the donor to claim a charitable deduction equal to the RMD.

To be able to claim a tax deduction the charity must be one that qualifies for a charitable income tax deduction under the Internal Revenue Section 509(a)(3). It is important the charity provide written acknowledgment of the donor's contribution so the tax deduction can be taken. Without it, the tax deduction will not be allowed.

Most IRA custodians have the forms needed to perform a QCD withdrawal. The donor simply needs to contact the charity to determine who to make the check out to and where to mail it.

Of course tax strategies of this nature are best discussed with your tax advisor for guidance on your particular situation.

Securities offered through Securities America, Inc., Member FINRA/SIPC. Advisory services offered through Securities America Advisors, Inc. Morrison, Nordmann & Associates and Securities America are separate entities.

**MN Morrison Nordmann  
And Associates**

*We serve as the personal CFO for  
a select group of successful families,  
helping them to grow  
and simplify their wealth.*

1504 E. Grand River Ave | Suite 201 • East Lansing, MI 48823  
Office: 888-211-7307 • [www.morrisonnordmann.com](http://www.morrisonnordmann.com)

Securities offered through Securities America, Inc., Member FINRA/SIPC.  
Advisory services offered through Securities America Advisors, Inc.  
Morrison, Nordmann & Associates and Securities America are separate entities.