

TAX-SAVVY GIVING || from Your IRA

Have you passed your 70 ½ birthday? Do you own an IRA? Do you make any charitable donations? If you answered yes to these three questions, you need to know about a tax-savvy charitable giving strategy available to you, called a **qualified charitable distribution (QCD)**.

Also known as charitable rollovers, QCDs represent the only tax-free distribution an owner of a traditional IRA can make during life. Distributions for any other purpose—health, education, sustenance, travel—are fully taxable as ordinary income. Thus, using your IRA for charitable giving not only takes advantage of tax law to reduce future taxes, QCDs also allow you to keep more funds in your checking account.

QCDs are particularly attractive to individuals who do not itemize deductions on their tax returns, which is now a majority of taxpayers. By not itemizing, a donor of cash loses all tax benefits from their giving. QCDs restore the full tax benefit of giving by not taxing what is otherwise a fully taxable transaction, so you can benefit from both the generous standard deduction and the tax subsidies of charitable gifts.

Here are three reasons to consider using appreciated investments for your next gift to the University of Maryland, Baltimore (UMB) or one of its seven schools.

FREQUENTLY ASKED QUESTIONS

HOW DO I MAKE A QUALIFIED CHARITABLE DISTRIBUTION?

You must contact your IRA administrator and complete a qualified distribution form, usually online. You will need the legal name, address, and EIN of each charity you wish to support. For gifts to the **University of Maryland Schools of Medicine, Law, Dentistry, Pharmacy, Nursing, Graduate School, and Social Work**, you should put **University of Maryland Baltimore Foundation (31-1678679), 220 Arch Street, 13th Floor, Baltimore MD 21201**. If the form does not provide a space to write the designation, please contact us at (877) 706-4406 or plannedgiving@umaryland.edu to tell us how you wish your QCD to be designated.

IS THERE A LIMIT TO THE AMOUNT I CAN DONATE TAX-FREE THROUGH QCDs?

Yes. Individuals can give to as many charities as they wish, up to \$100,000 per year per person, through QCDs. Amounts above \$100,000 will be taxable distributions.

HOW ARE QCDs REPORTED ON MY TAX RETURN?

The taxpayer must track and report QCDs as with any charitable contribution, with receipts or acknowledgment letters from the charities. The IRA administrator reports IRA distributions on Form 1099-R, but it is up to the taxpayer to report on Form 1040 the amount of those distributions that are taxable.

CAN I MAKE A QCD BEFORE I TURN 70 ½?

No, you must reach age 70 ½ before you make a tax-free qualified charitable distribution.

DO QCDs COUNT TOWARD REQUIRED MINIMUM DISTRIBUTIONS (RMDs)?

Absolutely. Taxable IRA account holders must begin annual RMDs once they turn



LEONARDO MEETS THE IRS

FREQUENTLY ASKED QUESTIONS (CONTINUED)

72, and QCDs count fully toward this requirement, lowering the taxable income of the account holder.

CAN I MAKE A QCD OUT ANOTHER QUALIFIED RETIREMENT PLAN LIKE A 401(K) OR 403(B)?

No, the law only allows for QCDs out of IRAs. The account holder would first have to roll funds into a traditional IRA before making a QCD out of that account.

CAN I DO A QCD WITH A ROTH IRA?

Technically yes, but since ROTH distributions are tax-free you might get more tax benefit from first distributing the funds to yourself and subsequently using cash or appreciated stocks for gifts.

DO QCDs GENERATE A CHARITABLE DEDUCTION?

No. Because they are tax-free distribution, the donor is already getting a full tax benefit from the gift, so QCDs are not additionally tax-deductible.

WHERE CAN I LEARN MORE ABOUT QCDs?

Please visit our dedicated web page at www.umaryland.edu/qcd or contact us at **(877) 706-4406** or plannedgiving@umaryland.edu to learn more or receive assistance in making a qualified charitable distribution.

YOU CAN MAKE A QUALIFIED CHARITABLE DISTRIBUTION (QCD)* BY:

- Contacting your plan administrator to learn their process and timing
- Sharing the Foundation's information with your plan administrator:

LEGAL NAME

University of Maryland Baltimore Foundation, Inc.

TAX ID NUMBER

31-1678679

ADDRESS

220 Arch Street, 13th Floor,
Baltimore, MD 21201

*QCDs must be made by Dec. 31, to qualify for the current tax year.

IF YOU ARE INTERESTED IN LEARNING HOW TO ESTABLISH A LEGACY

through deferred gifts, please give me a call. I'd love to help you discover giving options that work for you.

OFFICE OF PLANNED GIVING

E. John McKee, MA
AVP, Philanthropy and
Planned Giving
877-706-4406
plannedgiving@umaryland.edu



◀ Scan this QR code to visit our planned giving website and learn more about ways to support the University of Maryland, Baltimore.

umaryland.edu/qcd

TO EXPLORE YOUR OPTIONS OR SHARE YOUR INTENTIONS:

Visit umaryland.edu/plannedgiving or contact the Office of Planned Giving at 877-706-4406 or plannedgiving@maryland.edu.

This publication is not intended to provide legal, tax investment, or other professional advice, and should not be relied upon for such advice. In advance of any charitable gift plan, we encourage you to seek the advice of legal, tax, and investment professionals.

THE **UMB OFFICE OF PLANNED GIVING** HELPS DONORS MAXIMIZE GIVING TO THE UNIVERSITY OF MARYLAND SCHOOLS OF MEDICINE, LAW, DENTISTRY, PHARMACY, NURSING, GRADUATE SCHOOL, AND SOCIAL WORK THROUGH TAX-EFFICIENT STRATEGIES AND OTHER OPTIONS BENEFICIAL TO THE DONOR. PLEASE VISIT www.umaryland.edu/plannedgiving OR CONTACT THE OFFICE OF PLANNED GIVING AT 877-706-4406 OR plannedgiving@umaryland.edu.