

Making a Qualified Charitable Distribution (QCD) From Your IRA

Did you know...? If you are age 70½ or older, you can make a gift to Ingham Okoboji Lutheran Bible Camps from your IRA. This type of gift will not add to your federal taxable income. It counts toward your required minimum distribution and allows you to experience a tax benefit, even if you do not have itemized deductions. You should discuss any such gifts, before making them, with your financial advisor.

Requirements

ELIGIBILITY

- You must be 70½ years or older.
- Only traditional taxable IRAs are eligible for gifting.
- Recipients need to be qualified 501(c)(3) public charities.

GIFT AVAILABILITY

- Individuals may directly transfer up to \$105,000 (in 2024) annually to a qualified public charity. (This amount may be indexed for inflation in future years)
- Married couples who each have an IRA can give up to \$105,000 from each.
- The check must be made payable directly to the charity, not the IRA owner.

QUALIFICATIONS FOR IRA (QCD)

- Needs to be an outright gift with no benefits coming back to the donor.
- Can be used to fulfill a pledge.
- Cannot be transferred to a private family foundation or a donor advised fund, or used to establish a life income gift.

Benefits

NO TAXES

- While taking a Required Minimum Distribution is a taxable event, a Qualified Charitable Distribution is NOT taxable. A Qualified Charitable Distribution also does not contribute to the taxation of your Social Security benefits if your level of income subjects you to such taxes.

GIFT ANYTIME

- You can make these gifts at any time of year, and don't have to wait until year-end to take your IRA required minimum distribution.

TAX BENEFITS

- You will get a tax benefit whether you use the standard deduction or itemize your deductions.
- The adjusted gross income limit does not apply to qualified charitable distributions which allows for a larger gift to be made to the charity

HOW TO PROCEED:

STEP 1: Check with your tax advisor to see if a gift from your IRA is appropriate for your situation.

STEP 2: Contact your IRA custodian to obtain any forms required and follow their instructions.

Note: If your IRA custodian does not have a specific form, below are sample letters to assist you

STEP 3: Let the Camp know you are intending to make a rollover distribution from your IRA.

(contact Roger Carlon, Development Coordinator at rogerc@okoboji.org or 712-310-9958)

See Sample Documents on the Next Page

Sample Letter of Instruction to IRA Custodian

Date

IRA plan administrator and address

RE: Qualified Charitable Distribution from IRA

Dear Sir or Madam:

Please accept this letter as my request to make a direct charitable distribution from my Individual Retirement Account _____ (**ACCOUNT NUMBER**) as provided in the Consolidated Appropriations Act of 2016.

Please issue a check in the amount of \$ _____ payable to Ingham Okoboji Lutheran Bible Camp, 1203 Inwan St., Milford, Iowa 51351. In your transmittal to the charity, please list my name and address as the donor of record in connection with this transfer. Please copy me on your transmittal. I can be reached at _____ (**Phone Number**) if you have any questions. Thank you for your assistance in this matter.

Sincerely _____ (**Donor name and contact information**)

Sample Letter of Instruction to Charitable Organization

DATE

RE: Qualified Charitable Distribution from IRA

Dear Ingham Okoboji Lutheran Bible Camp:

It is my pleasure to inform you that I have requested a qualified charitable distribution from my IRA with _____ (**IRA CUSTODIAN NAME**), payable to Ingham Okoboji Lutheran Bible Camp in the amount of \$ _____. It is my intent to comply with the requirements of the Consolidated Appropriations Act of 2016. My gift is considered to be for general camp operations unless I contact you separately with specific instructions. I will await your acknowledgment with the date of my gift, the name of my IRA custodian, the amount of my gift, that the gift is a qualified charitable distribution and a statement that no goods or services were provided in exchange for the gift.

Sincerely, _____ (**Donor name and contact information**)

ADDITIONAL INFORMATION

- Although most IRA custodians transfer IRA rollover funds directly to public charities, some IRA custodians issue a check payable to the charity but send the check to the IRA owner for forwarding to the charity.
- Even though an IRA rollover is not included in taxable income and consequently there is no income tax deduction, an IRA rollover donor must still comply with substantiation requirements under the federal tax code. Charity recipients should assist with this by providing an acknowledgment letter specific to the IRA QCD.