

Using your IRA Qualified Charitable Distribution

Formerly known as the IRA Charitable Rollover



Laurentians are rolling over to make tax-free gifts from their IRA.

The IRA Qualified Charitable Distribution (QCD) is a terrific way to make a tax-wise gift to SLU. A QCD gift from your IRA can save you taxes whether or not you itemize your deductions. If you are subject to Required Minimum Distributions (RMD), which typically begins at age 73 for most taxpayers, your IRA QCD gift can help meet some of your annual RMD without increasing your income taxes.

Consider these important requirements to make an IRA QCD gift:

- You must be age 70 ½ or older when you make your gift.
- The payment must come from a traditional IRA. However, if you have a 401(k), 403(b), SEP IRA account, and other retirement accounts, they typically can be rolled into an IRA. Check with your administrator.
- The payment must come directly from your IRA administrator to St. Lawrence University.

- Each person's total IRA QCD gifts in any one year cannot exceed \$105,000.
- If you have an RMD, then your IRA QCD gift can count toward your RMD.
- Even if you don't itemize deductions and do not yet have a RMD), the an IRA QCD gift offers significant tax benefits because the funds you transfer to SLU have never been taxed as income. At the same time, because they have not been taxed as income, you do not receive charitable deduction for the gift when the time comes to file your income taxes.

Frequently Asked Questions

Question: *How do I make an IRA QCD gift?*

Answer: Contact your IRA administrator (Ameriprise, Fidelity, Charles Schwab, Vanguard, etc) by phone, their secure online website, fax or mail and indicate that you want to make QCD from your IRA.

Typically, you will be asked to provide three pieces of information.

1. Mailing Address: St. Lawrence University
23 Romoda Drive
Canton, NY 13617
2. Federal Tax Identification Number: 15-0532239
3. Amount of IRA QCD gift to the University \$_____.00

In most situations, your IRA administrator will issue a check with the memo line indicating it is from your IRA account. The check will then be mailed directly to St. Lawrence's Office of Planned Gifts.

Upon receipt, St. Lawrence's Office of Planned Gifts will send you a letter that acknowledges your IRA QCD gift was received and the purpose designated for the gift.

Question: *What age can my IRA QCD gift count toward my RMD?*

Answer: Most taxpayers must begin taking RMD at age 73. Your IRA QCD gift can help you meet your RMD without increasing your taxable income.

Question: *Is my ability to make an IRA QCD gift limited by the amount of income I earn?*

Answer: No. Although the amount of charitable gifts that can be deducted each year is limited to a percentage of Adjusted Gross Income, these limits do not apply to IRA QCD gifts.

Question: *Since I take the standard deduction instead of itemizing, and do not deduct charitable donations, does this provision help?*

Answer: Even if you don't itemize your deductions, an IRA QCD gift offers tax benefits similar to itemized income tax charitable deduction by avoiding income tax on the distribution from your IRA. And, if you are subject to a RMD, your IRA QCD gift can satisfy your RMD without increasing your income taxes.

Question: *At the end of my lifetime, how can I use my IRA to provide income to my spouse or a loved one and also make a difference at St. Lawrence?*

Answer: You can direct the remainder of your IRA (or other qualified retirement plan) to a testamentary charitable gift annuity or testamentary charitable remainder trust to provide income to beneficiaries you choose. At the end of their lifetime(s), a gift would be made to St. Lawrence as the charitable beneficiary of this arrangement.

Question: *How does the new IRA Legacy Act work?*

Answer: You and/or your spouse now have the ability after age 70 ½ or older to give up to \$53k once from your IRA to set up an immediate Charitable Gift Annuity (CGA) that pays income only to you and/or your spouse. If you take the standard deduction and do not itemize, you can do this and get the income tax savings at the time the CGA is established. However, the annual payments from the CGA will be taxed as ordinary income, so you defer the income tax over the life of the annuity.

To learn more, visit:

www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs



I'm here to answer questions and help. Please contact me at 315-229-5026, kterrell@stlawu.edu, or visit www.plannedgifts.stlawu.edu.

D. Kurt Terrell
Charitable Gift Planner of Planned Gifts
St. Lawrence University

Because everyone's situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.



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