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Friends of Inland Seas Education Association:

When the Tax Cut and Jobs Act of 2017 was passed, the law increased a taxpayer's standard deduction and reduced the amount of itemized expenses that can be deducted. While the changes naturally hamstrung the tax advantages of making standard charitable contributions, it also increased the effectiveness of another charitable gifting strategy that was made permanent in 2015 and that we at ISEA felt compelled to share: they're called Qualified Charitable Deductions, or QCDs.

It should be noted that QCDs are only available to owners of traditional IRA's and are of age 70½ or older. Simply put, a QCD is a distribution from your traditional IRA that can go directly to a qualified non-profit such as ISEA, and is NOT included in your taxable income. The advantage—the fact that the QCD is excluded from your income and therefore does not increase your adjusted gross income (AGI)—is what makes this such a powerful giving strategy.

Below are some tips and other info to consider when determining whether a QCD is appropriate for your situation:

—QCD donations are capped at \$100,000 per individual in tax year 2019.

—Although the QCD can be made by the IRA owner or their beneficiary, the owner of the IRA must be 70½ at the time of the distribution.

—The QCD must be a direct transfer to ISEA. A check payable to ISEA and mailed to the IRA owner will also qualify as a QCD.

—ISEA is a qualifying charity/non-profit and eligible to receive QCDs.

—Even if you are able to itemize and deduct some charitable deductions, a QCD still may be preferable as the amount is excluded from income and will not affect your AGI, while a straightforward charitable contribution WILL affect it.

—Most important, a QCD can satisfy both your required minimum distribution (RMD) for the tax year and reduce your taxable income, resulting in significant tax savings.

A QCD is one of the best ways to make charitable distributions to ISEA if you are 70½ or older. Please contact your IRA owner/advisor for more information on QCDs.