



WAYS TO GIVE IN RETIREMENT

Many of us like to give during our lifetimes, typically by writing the occasional check to a favorite qualified charity and claiming a deduction on our annual taxes. But recent tax laws have doubled the standard deduction, sharply curtailing the number of filers who itemize, and therefore, who are able to deduct charitable gifts.

However, if you're a retiree over the age of 70½, there is a mechanism that preserves the tax benefits of giving, even though you might no longer itemize. This mechanism is known as a **Qualified Charitable Distribution, or QCD**.

Qualified Charitable Distribution (QCD)

A QCD is a nontaxable distribution of funds made directly by the custodian of your traditional IRA to a qualified charity.

Normally, a distribution from a traditional IRA incurs taxes since you didn't pay taxes on the money when you put it into this type of IRA. But, if you are 70½ or older, you are eligible to make a nontaxable QCD to a qualified charity like the LWC.

To make a QCD to the LWC, all you need to do is ask your IRA custodian to issue a check payable the LWC. The donation must be postmarked no later than December 31 for the amount to be applied to that year's tax returns. You can arrange to have the custodian mail the check directly to the LWC, or you may forward the check yourself. Neither you nor the LWC will pay taxes on the donation.

QCDs and Required Minimum Distributions

Current tax law requires all *original account holders* of tax-deferred retirement accounts (e.g., 401(k), traditional IRA, or similar account), to begin taking **required minimum distributions (RMDs)** in the year in which they turn 72 and for every year thereafter.

The cash you are required to withdraw annually is a tax liability unless you arrange for your retirement account to donate it as a QCD to a qualified charity like the LWC. By converting some or all of your RMD to a QCD and donating it to the LWC, you reduce your income by the amount donated, with the potential of significant tax savings.

These materials are for informational purposes only and not for the purpose of providing legal or financial advice. The Luckiamute Watershed Council encourages all donors to consult with their financial planners or attorneys. All documentation of planned giving will be held in confidence. No information other than the donor's name — if permission is granted — will be shared. For more information, please contact Kristen Larson, Executive Director, (503) 837-0237.