



"This is how one should regard us, as servants of Christ and stewards of the mysteries of God. Moreover, it is required of stewards that they be found faithful."

I Corinthians 4:1-2
(ESV)

SMART STEWARDSHIP **Is a Qualified Charitable Distribution right for you?**

Living Word Lutheran Church cannot answer that question for you. We leave that kind of advice up to tax and financial planning professionals. But, the Church does share information with members to help them make the highest and best use of all God has entrusted to them. That is why we want you to know about Qualified Charitable Distributions (QCD). If you receive a regular distribution from an Individual Retirement Account (IRA), using a QCD may be a smart option.

IN GENERAL:

Distributions from a traditional IRA are taxable in the year received. However, a QCD is generally a nontaxable distribution made directly by the trustee of traditional IRA (other than a SEP or SIMPLE IRA) to an eligible charitable organization like the Church. If all the qualifications are met, a QCD is nontaxable and you cannot claim a charitable contribution deduction for it. Taking a QCD can help lower taxable income.

BASIC QUALIFICATIONS AND RULES:

- You must be at least age 70 1/2 when the distribution is made.
- The maximum annual exclusion for QCDs is \$100K per taxpayer.
- The amount of the QCD is reduced by the aggregate IRA contribution deductions made by you after you turned 70 1/2.
- All or part of your required minimum distribution (RMD) may be included in the QCD.
- You must have the same type of acknowledgment of your contribution that you would need to claim a deduction for a charitable contribution.
- A charitable contribution deduction on Schedule A (Form 1040) cannot be claimed for any QCD excluded from income.
- The QCD amount is limited to the amount of the IRA distribution that would otherwise be included in income.
- The QCD cannot be distributed to you first and then donated. It must be transferred directly to the charity.

QCDs can especially benefit seniors who do not itemize on their federal tax returns. Donating to charity via a direct transfer out of an IRA is the only way to get a tangible tax benefit from their donation. You may be able to increase your gift to the Church by reducing income taxes through a QCD. If you wish to consider giving through a QCD, consult with your tax professional and financial planner to discuss your specific situation.

May God richly bless your faithfulness.