

## Have You Considered a Qualified Charitable Distribution?

If you are age 70 ½ or older and have a traditional Individual Retirement Account (IRA), have you considered a qualified charitable distribution to First Congregational UCC?

What is a qualified charitable distribution? “The IRS definition: A qualified charitable distribution (QCD) is generally a nontaxable distribution made directly by the trustee of your IRA (other than a SEP or SIMPLE IRA) to an organization eligible to receive tax-deductible contributions. You must be at least age 70½ when the distribution is made. Also, you must have the same type of acknowledgment of your contribution that you would need to claim a deduction for a charitable contribution” (taken from IRS publication 590-B, year 2020).

How can this benefit you?

- If you are age 72 or older you are required to make a required minimum distribution from your traditional IRA. If you make a QCD, it can fulfill your minimum distribution requirement and you will not owe federal income tax on the distribution to the Church, which is an organization eligible to receive tax-deductible contributions. You save money on your taxes (perhaps 10-15% or more of the distribution amount) and help the Church at the same time.
- You can make a pledge to the Church for 2022 and arrange for the trustee of your IRA to make the payment of your pledge directly to the Church.
- You may be able to afford to support the work of the Church in a more significant way with a QCD. You can factor the 10-15% tax saving into a larger pledge to the Church.
- You can be among the other members of First Congregational who are already utilizing the QCD for their giving and arrange to make a QCD annually during the lifetime of their IRA.

How can this benefit First Congregational UCC?

- The leaders of the Church can more effectively plan the 2022 budget and make decisions with greater confidence about the finances of the Church.

- The Church receives your 2022 pledged amount in one payment or in installment payments from your IRA trustee. You may arrange for a full pledge payment to occur early in 2022 to aid the cash flow of the Church or arrange monthly installment payments.

An example:

Tom and Sarah will both reach age 72 in 2022. They have planned well for retirement, having traditional IRA accounts that they have not needed to draw from yet. In 2022 they will be required by IRS rules to take a minimum required distribution from their IRAs. They have calculated, per IRS guidelines, that their minimum required distribution from their IRAs will total \$5000 in 2022. They have also estimated that the \$5000 distribution will increase their income tax liability by \$600. Tom and Sarah also plan to continue their financial support of First Congregational UCC in 2022. After consulting their tax accountant, they have decided to make a \$5000 QCD from their IRAs to First Congregational UCC for 2022. They will save the estimated \$600 of additional income tax liability. They also pledge \$5000 of giving to the Church in 2022, a \$750 increase over their pledge amount from 2021. Tom and Sarah feel good about the work of the Church and are glad to provide more financial support. They arrange for their bank, that holds the IRAs, to make direct payments from the IRAs, one from Tom and one from Sarah, to the Church in January 2022. In January 2023 First Congregational UCC will send to Tom and Sarah an acknowledgment of their 2022 contributions to the Church.

Disclaimer:

These are general guidelines regarding an opportunity that may benefit you and the Church. It is important to consult your tax accountant for guidance with the specifics of your eligibility, income and tax liabilities. Please note that IRS regulations can change at any time. Consult your IRA trustee to verify your direct distribution options.

Prepared by the Stewardship Committee