

DONATE TO THE YMCA USING A QUALIFIED CHARITABLE DISTRIBUTION

By Richard A. Foot

If you are looking for a way to lower your taxable income, AND you want to strengthen our YMCA for the future, you may want to consider making a Qualified Charitable Distribution (QCD) from a tax-deferred retirement account. You can claim the tax-free benefits of this QCD when filing your federal tax return. Transfers from your Traditional, Rollover, Roth, inactive SEP, inactive SIMPLE, or inherited IRA count toward satisfying any Required Minimum Distribution.

You can give up to \$100,000 each year from your IRA to charity if you are 70 1/2 or older. The money counts toward your Required Minimum Distribution, and isn't included in your adjusted gross income. You report the full amount of your traditional IRA Distributions (including your QCD and any other distributions) on line 15a of Form 1040 as a gross distribution. On line 15b, write any taxable amount (if you took other withdrawals), and add QCD next to the line to explain why part of the distribution is tax-free. If your only Distribution was the QCD, enter 0 on line 15b.

As a QCD is not subject to tax-withholding, tax withholding will not be applied. The Qualified distribution must be made payable directly to the qualified charity by the custodian. The charity must qualify as a 501(c)(3) organization, and be eligible to receive tax-deductible contributions. The YMCA of Frederick County is a qualified charity (**YMCA of Frederick County Tax ID: 52-0607954**).

The benefits? There is great satisfaction in ensuring the financial strength of our YMCA (Endowment, General Fund, or capital campaign). Further, there are significant tax benefits. If you take the RMD as income, instead of a QCD, your RMD will count as taxable income. Having higher taxable income can directly impact your eligibility for certain deductions and credits.

The YMCA recommends you consult your tax or financial advisor regarding your specific situation. For more information on charitable contributions to our YMCA, please contact Tom Clingman, YMCA Chief Development Officer at 301-663-5131 extension 1230 or e-mail at tclingman@frederickymca.org .