



KANSAS CITY SYMPHONY

MORE IMPACT, LOWER TAXES GIVING WITH YOUR IRA

Do you have a traditional IRA? Are you at least 72? If you answered yes to both, you may have access to a powerful tool for supporting causes you value and for reducing your taxes: the Qualified Charitable Distribution.

What is a Qualified Charitable Distribution (QCD)?

A QCD is a tax-free gift you send directly from your traditional IRA to a charity you love.

How does a QCD reduce my taxes?

After you turn 72, you're legally required to withdraw a specific amount from your traditional IRA each year. This is called a Required Minimum Distribution (RMD). The amount is adjusted annually. If you don't withdraw it, the IRS imposes a stiff penalty (50% of the required funds you've left in). And once you've received that money, it becomes taxable income.



Here's why the QCD is powerful*. The funds you distribute directly to charity from your traditional IRA count toward your annual RMD. So you can use one or more QCDs to reduce or eliminate the amount of money you have to pull from your IRA for personal use. This lowers your taxable income and reduces your tax bill — all while helping charities you care about fulfill their missions. Because they lower taxable income, QCDs create tax savings regardless of whether you itemize. And you can use them to give up to \$100,000 each year.

*You can start making QCDs as soon as you're 70 ½. There's just less of a tax benefit before age 72.

What charities can receive my QCD?

The IRS requires you to send your QCD to “an organization eligible to receive tax-deductible contributions.” Charities like your house of worship, college alma mater and favorite arts nonprofit should all qualify. But you cannot send a QCD to a donor advised fund or supporting organization.

— more —



How do I initiate a QCD?

First, talk to your accountant, attorney or financial advisor to determine whether you need to withdraw money from your IRA this year and if it makes sense for you to give via QCD. Then, contact your IRA custodian to set up any distribution. You'll need the legal name and address of any charity who'll benefit. You may also need a charity's tax ID number. Larger investment companies have simple online forms for requesting QCDs. They may even issue you checks so you can just write a check to charity directly from your IRA. If those options aren't available to you, many charities like the Kansas City Symphony also have forms you can use to submit your request to your IRA custodian.

Can I use a 401(k) or other retirement account to give via QCD?

No. If you have a 401(k) or other tax-deferred retirement account, you have to transfer the funds to an IRA first. An accountant, attorney or financial advisor can walk you through it and help you figure out if it makes sense for you.

Is there anything else I should keep in mind?

If your children, grandchildren or other loved ones inherit your traditional IRA or 401(k), they have to pay taxes on it. But if you name one or more charities as beneficiaries of your tax-deferred retirement account, those funds go to the charities tax-free. So if you're thinking about leaving something to charity, your IRA is a great option. It's easy to set up. Your accountant, attorney or financial advisor can help you determine whether it's the right option for you.

Questions? Contact us.

We'll share ideas about what you might do or who to consult to meet your giving goals.

Tim Dodge, Manager of Major & Planned Giving

Kansas City Symphony | 816/218-2627 | tdodge@kcsymphony.org

The Kansas City Symphony does not render tax or legal advice. Please consult your advisor to make sure the gift you're considering is right for you.