

IRA Qualified Charitable Distributions (QCD)

...a tax-wise gift for those over 70½

Gift Planning
AT WASHINGTON STATE UNIVERSITY

WHAT IS A QUALIFIED CHARITABLE DISTRIBUTION (QCD) – AKA, IRA CHARITABLE ROLLOVER

Individuals may begin taking distributions from their Individual Retirement Accounts (IRAs) as early as age 59½, but are required to begin taking them at age 73. Normally, these distributions are subject to income taxes. The IRA Charitable Rollover provision, made permanent by Congress in 2015, allows individuals who have reached age 70½ to donate up to \$100,000 (\$200,000 per couple) per calendar year to the WSU Foundation. Qualified Charitable Distributions are not considered taxable income when made directly from an IRA to the WSU Foundation or other qualified charities. Distributions can also satisfy all or part of your Required Minimum Distribution (RMD), while also lowering your Adjusted Gross Income (AGI). Your AGI on your tax return impacts a number of items in the calculation of your final income tax. Under the Consolidated Appropriates Act of 2023, you can create a life-income gift, such as a Charitable Gift Annuity, with a one-time QCD of up to \$50,000.

THROUGH AN IRA CHARITABLE ROLLOVER, A QUALIFIED CHARITABLE DISTRIBUTION MAY...

- Benefit you if you use the “Standard Deduction” because you do not itemize and therefore do not claim a charitable tax deduction when you give to charities
- Benefit you if you do not need any or all of your RMD
- Reduce your Adjusted Gross Income (AGI) benefiting.
 - The level of taxability of your Social Security benefits
 - The cost of your Medicare Part B and prescription drug premiums
 - Whether or not you are subject to the 3.8% additional tax on Net Investment Income

ADDITIONAL GUIDELINES

- The rollover must constitute an outright gift—distributions cannot fund Charitable Gift Annuities, Charitable Remainder Trusts, Donor Advised Funds, etc.
- Your gift comes from an IRA—accounts that do not qualify include 401(k), 403(b), defined benefit & contribution plans, profit sharing plans, Keoghs and employer sponsored active SEPs and SIMPLE plans (Note: you can rollover from an ineligible plan to a qualified IRA, if all other rules for rollovers are followed, and then give to the WSU Foundation from the IRA).
- QCD gifts cannot be used to receive Cougar Athletic priority points, memberships dues, or other benefits.
- QCDs do not receive a federal income tax charitable deduction because you are not being taxed on the withdrawal.

HOW TO TRANSFER FUNDS

- Contact your IRA Administrator to initiate request.
- Checks from your IRA account should be made directly to the *Washington State University Foundation*.
- Request your name be included on the memo line.
- Send IRA checks to:
WSU Foundation | Attn: Gift Planning | PO Box 641925 | Pullman, WA 99164-1925

📞 509-335-7883
✉ gpoffice@wsu.edu
🌐 giftplanning.wsu.edu

“The Charitable IRA Rollover is a great way for Jeanne and me to support WSU because it minimizes our adjusted gross income and satisfies our required minimum distributions. As an estate planning attorney, I recommend it for many of my clients.”

– Dave ('65 Liberal Arts) and Jeanne McGoldrick
LEGACY ASSOCIATES

NOTE: Please contact us to verify your gift and confirm the gift use instructions: 509-335-7883.



WASHINGTON STATE UNIVERSITY
FOUNDATION

FREQUENTLY ASKED QUESTIONS

Q: I've already named WSU Foundation as the beneficiary of my IRA. What are the benefits if I make a gift now instead of after my lifetime?

A: By making a gift this year of up to \$100,000 from your IRA, you can see your philanthropic dollars at work. You are jump-starting the legacy you would like to leave and giving yourself the joy of watching your philanthropy take shape. Moreover, you can fulfill any outstanding pledge you may have already made by transferring that amount from your IRA under this legislation as long as it is \$100,000 or less for the year.

Q: I'm turning age 70½ in a few months. Can I make this gift now?

A: No. The legislation requires you to reach age 70½ by the date you make the gift.

Q: I have several retirement accounts—some are pensions and some are IRAs. Does it matter which retirement account I use?

A: Yes. Qualified charitable distributions to a qualified charity can only be made from an IRA. Under certain circumstances, however, you may be able to roll assets from a pension, profit sharing, 401(k) or 403(b) plan into an IRA and then make the transfer from the IRA directly to WSU Foundation. To determine if a rollover to an IRA is available for your plan, speak with your plan administrator.

Q: Can my gift be used as my minimum required distribution under the law?

A: Yes, absolutely. If you have not yet taken your required minimum distribution, the IRA charitable rollover gift can satisfy all or part of that requirement. Contact your IRA custodian to complete the gift.

Q: I have two charities I want to support. Can I give \$100,000 from my IRA to each?

A: No. Under the law, you can give a maximum of \$100,000. For example, you can give each organization \$50,000 this year or any other combination that totals \$100,000 or less. Any amount of more than \$100,000 in one year must be reported as taxable income.

Q: My spouse and I would like to give more than \$100,000. How can we do that?

A: If you have a spouse who is 70½ or older and has an IRA, he or she can also give up to \$100,000 from his or her IRA.

Q: Can an IRA rollover gift be used towards Athletic benefits?

A: No. While an IRA charitable rollover gift can be made to Athletics, the IRS does not permit the donor to receive any Cougar Athletic priority points or other privileges, such as priority for season tickets, in exchange for the gift.

Q: Can an IRA rollover gift be used to pay membership dues or any other dues?

A: No. In general, under the "Goods or Service" rule, QCDs cannot be used to pay for memberships where the donor receives any goods or services in return for the contribution unless it is considered to have insubstantial value.

Q: How do I make sure my IRA gift counts towards my RMD this calendar year?

A: If your IRA administrator postmarks the distribution to the WSU Foundation by December 31; if you send the IRA administrator's distribution to the WSU Foundation with a postmark by December 31; or for IRAs with check writing privileges, you send the check in plenty of time to **clear the bank by December 31.**

For more information about the IRA Charitable Rollover provision and how it may benefit you, please contact the WSU Foundation's Gift Planning team at 509-335-7883 or gpooffice@wsu.edu.

This information is not intended to be interpreted or relied upon as legal, tax, or financial advice. The WSU Foundation does not engage in the marketing of services pertaining to individualized advice about estate distribution documents. Before entering into a planned gift with any charity, the donor should seek professional legal, tax, and financial advice. This information cannot be relied upon as professional advice adequate in scope and content to avoid the imposition of penalties under the Internal Revenue Code. Overall information about the WSU Foundation and its management policies for all types of gifts can be found at foundation.wsu.edu/about.

