



## Charitable Contributions and your IRA

If you are 70 ½ or older, have an IRA, and make charitable contributions this strategy may be for you. Under our current tax system, the standard deduction is very high, so most people do not get a tax deduction for charitable contributions. In 2020 and 2021 there is a charitable contribution deduction for people who do not itemize of \$300 and \$600 respectively. So, what about the rest of your contributions?

If you have an IRA and a **required minimum distribution** (starting at age 72) then you can have your IRA make the contribution directly to your charity. The effect of this is that the amount that you give to charity thru an IRA reduces the amount of your RMD that is taxable. Then you still get the full standard deduction, and you reduce your taxable income by charitable deductions made by your IRA.

### Requirements:

- Age 70 ½ or older
- Limited to \$100,000 in a year that can reduce a required minimum distribution (RMD)
- Charity must be a 501c(3) that is eligible to receive tax deductible contributions. Private Foundations and Donor Advised Funds are not eligible.
- Funds must be paid directly from your IRA by 12/31 of the year.
- Your fund must be a traditional IRA, inherited IRA, inactive SEP, or simple IRA.
- You must still get a contemporaneous receipt from the charity to support your donation.
- Please talk with your financial advisor to see if this strategy works for you.

Clearview Home has donors that take advantage of their required minimum distribution to increase their charitable giving. Perhaps this will meet your need also. Contact Lynn Meyerson for details and support.