

TAX BENEFITS – QUALIFIED CHARITABLE DISTRIBUTIONS

Qualified charitable distributions or QCDs offer many of our members and other older Americans **age 70½ or over** a great way to easily give to the Public Lands Foundation, as a 501(c)(3) non-profit organization, and receive tax benefits. The IRS tax laws allow eligible individual retirement account (IRA) owners to transfer up to \$100,000 to a charity tax-free each year. For a married couple, if both spouses are **age 70½ or over** and both have IRAs, the couple can exclude up to \$200,000 per year. The QCD option is available regardless of whether the eligible IRA owner itemizes deductions on Schedule A of the tax form each year or not. The QCD reduces the adjusted gross income (AGI) for the taxpayer, regardless of whether they claim the standard deduction or itemize deductions. Another benefit of a QCD is that it can be used to satisfy the required minimum distribution (RMD) withdrawals from IRA accounts for those taxpayers that are required to make withdrawals. Normally, distributions from a traditional IRA are taxable when received, but with a QCD these distributions are tax-free as long as they are paid directly from the IRA account to the charitable organization. The QCD must be made directly by the trustee of the IRA to the charity. An electronic payment made thru the IRA owner or a check made payable to the IRA owner is not considered a tax-free QCD donation to a charity. Any IRA owner who wishes to make a QCD should contact their IRA account manager to complete the necessary paperwork for the direct transfer of funds to the charity.

Those taxpayers that make a direct donation or provide a QCD from an IRA account to the Public Lands Foundation will receive an acknowledgment letter from the PLF for tax purposes. In addition, those taxpayers that have IRA distributions, including QCDs, will receive a Form 1099-R from their IRA account manager each year that shows total distributions from the IRA account that includes both regular distributions and QCDs. The total distribution is shown in Box 1 on that form. There is no special code for a QCD on Form 1099-R. The taxpayer will report the total IRA distributions on Line 4 of Form 1040 of the tax filing. If part or all of the IRA distribution is a QCD, the taxpayer will report the total amount of the distribution (amount from Box 1 on Form 1099-R) on Line 4a. If the full amount of the distribution is a QCD, the taxpayer will enter \$0 on Line 4b. If only part of the distribution is a QCD, the remaining taxable portion of the distribution would be entered on Line 4b. The taxpayer should also enter “QCD” next to Line 4b to ensure the tax-free QCD donation is reported.



Unfortunately, QCDs can **not** be done through the Thrift Savings Plan (TSP) that many of our members own, but can only be done from an IRA account. You would need to roll over some or all of your TSP funds into an IRA to receive the benefits of a tax-free QCD donation. The Public Lands Foundation deeply appreciates the generous donations provided to our organization to support the advocacy work for the public lands. Thank you for your support!