



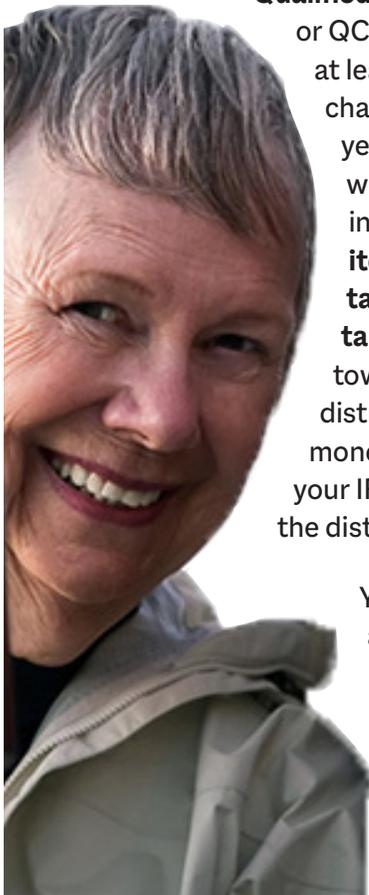
Give More with Your IRA

Here's a special tax benefit you don't want to miss! When you turn 73 years old, you're required to begin taking distributions from your IRA (or 75 if you were born 1960 or later). If that is a traditional IRA, you have to pay income taxes on those proceeds. But, if you gift the distribution directly to a charity, like **Marion Community Foundation**, you *won't have to pay any taxes on that income* — a savings of up to 37 percent!

So, instead of just writing a check this year for your charitable donation to **Marion Community Foundation**, simply direct your IRA RMD to the Foundation and *you'll be money ahead.*

Qualified charitable distributions, or QCDs, allow donors who are at least 70-1/2 years old to give charities up to \$100,000 a year directly from their IRAs without it counting as taxable income. You don't need to itemize your deductions to take advantage of this charitable benefit. And, QCDs count toward your required minimum distribution —the amount of money you must withdraw from your IRA each year after reaching the distribution age.

You don't include QCD gifts as an itemized deduction on your federal tax return; instead, the QCD is a **dollar-for-dollar reduction against income**, whether you itemize or not. That's a win-win!



HOW TO

Reach out to your custodian or investment advisor, complete the simple paperwork with them, be sure the IRA distribution is sent directly to Marion Community Foundation and does not go through your hands.

The **distributions can't go to donor advised funds or life-income gifts**, such as charitable remainder trusts or gift annuities, but every other type of fund at **Marion Community Foundation** is allowable.

Donors may not receive anything in return for a QCD gift, such as a meal or event tickets. **The distribution must go directly to Marion Community Foundation**, not through your hands first. Your IRA custodian can provide you with the proper QCD form to make this distribution to Marion Community Foundation.

QCD gifts can be made only from IRAs. To give retirement assets (401(k), etc.), donors must first roll those funds into a qualified IRA; then, you can direct the fund administrator to transfer money to charity.

State laws about charitable deductions and QCDs vary. Consult your legal or tax advisor.

This does not constitute legal or tax advice and donors and advisors should consult their own professional advisors.





Example of Tax Savings

If you have \$100,000 in taxable income (including \$16,000 of **RMD**), you will likely pay about **\$15,000** in federal income tax.



VS.

If you ask your **IRA** custodian to make a **QCD** of \$16,000 to Marion Community Foundation, you won't need to itemize, you **reduce your taxable income** to \$84,000 & you **save \$3,500 in taxes!**



Estate Planning Bonus: Retirement funds paid to your children at your passing can get hit with heavy income taxes, but are **tax-free to charity**. Donating an IRA or other retirement asset to Marion Community Foundation can be a smart estate planning strategy, freeing up your other assets to be a tax-free gift to your heirs.

A Mistake

A Much Better Plan

\$1 Million Estate: \$500,000 401(k) or IRA \$500,000 other assets	A Mistake		A Much Better Plan	
	Give \$500,000 IRA to Child	Give \$500,000 Cash to Charity	Give \$500,000 Cash to Child	Give \$500,000 IRA to Charity
Income Taxes at 37%	\$185,000	\$0	\$0	\$0
Child receives	\$315,000		\$500,000	
Charity receives		\$500,000		\$500,000
Total received	\$815,000		\$1,000,000	

These examples are for illustrative purposes only.

An **IRA - INDIVIDUAL RETIREMENT ACCOUNT** is a **long-term savings account** that individuals with earned income can use to save for the future while enjoying certain tax advantages. Your money grows tax-deferred in a traditional IRA. When you withdraw the money after retiring, it is taxed at your ordinary income tax rate for that year. A Qualified Charitable Distribution can eliminate that taxable income.

An **RMD - REQUIRED MINIMUM DISTRIBUTION** is the amount of money that must be withdrawn annually from employer-sponsored retirement plans like 401(k)s, as well as from traditional individual retirement accounts (IRAs), Simplified Employee Pension (SEP) IRAs, and SIMPLE IRAs. RMDs do not apply to Roth accounts until after the account owner dies. If you have one of these retirement accounts, you must start withdrawing your RMD in the year you reach 73 (75 if you were born in 1960 or after). You must calculate and withdraw the correct RMD every year after that, or face a penalty from the Internal Revenue Service (IRS).

A **QCD - QUALIFIED CHARITABLE DISTRIBUTION**

allows individuals who are 70½ years old or older to donate up to \$111,000 total to one or more charities directly from a taxable IRA instead of taking their required minimum distributions. As a result, donors receive a tax deduction and may **avoid being pushed into higher income tax brackets** and prevent phaseouts of other tax deductions, though there are some other limitations. Currently, **QCDs cannot be made to donor advised funds**. Additionally, donors cannot receive any benefit for making a qualified distribution to a charity. So, for example, a QCD cannot be used to purchase something in a charity auction or purchase tickets for a charity golf tournament.

