New Options For Contributing To Lakeside Christian Fellowship

In addition to taking advantage the convenience and security of Lakeside Christian Fellowship's online donation capabilities (at https://lakesidechristians.org/donate/), those interested in donating with tax efficiency may want to consider a **Qualified Charitable Distribution (QCD)** directly from their IRA.

What Is A Qualified Charitable Distribution?

In 2015, Congress permanently enacted the IRS QCD rule. For those older than 70.5, this rule allows traditional IRA owners to exclude their Required Minimum Distributions (RMD) from their adjusted gross income as long as they give the money to a qualified charitable organization such as Friends of Central Texas Water Coalition.

And The Contribution Is Considered Part Of My Required Minimum Distribution?

Yes. If you're older than 70.5 and the charitable organization is qualified, as is Lakeside Christian Fellowship, under the IRS QCD rule, your charitable contribution is included in your annual RMD.

How Is Making a QCD Different Than Simply Deducting The Charitable Donation?

By reducing your Adjusted Gross Income (AGI) by the amount of your QCDs, you may minimize other factors that are based on AGI, such as Medicare premiums. Also, because the Standard Deduction is based on age and filing status (not AGI), if you take the Standard Deduction vs. itemizing, the Standard Deduction may further reduce your Taxable Income. So starting with a lower AGI may in-turn reduce your Taxable Income. The following example shows 2 scenarios that demonstrate this idea:

Scenario 1 **Take full RMD and donate $35,000 in cash**		Scenario 2 **Donate $35,000 of RMD directly to charity using a QCD**	
Nonportfolio income:	$50,000	Nonportfolio income:	$50,000
Annual RMD:	+ $110,000	Annual RMD:	+ $110,000
QCD:	$0	QCD:	– $35,000
Pretax income:	= **$160,000**	Pretax income:	= **$125,000**
Itemized deduction:	– $35,000	Standard deduction:	– $14,250
Taxable income:	= **$125,000**	Taxable income:	= **$110,750**
Estimated taxes due:	**$24,021**	**Estimated taxes due:**	**$20,601**

How Do I Go About Making A Qualified Charitable Distribution?

The custodian of your IRA will provide a simple form which you can fill out to specify your IRA account, the donation amount, and the name of the qualified charity to which you wish to contribute. The forms are usually available online and require your physical signature.

A good reference describing the tax benefits of this approach can be found at:
https://www.investopedia.com/articles/financial-advisors/032116/how-use-qcd-rule-reduce-your-taxes.asp