



## QUALIFIED CHARITABLE DISTRIBUTION (QCD)

### What is a Qualified Charitable Distribution (QCD)?

Commonly referred to as an IRA Rollover, it is a taxwise giving technique that enables donors aged 70 ½ or older to transfer up to \$105,000 directly from the donor's IRA account to one or more qualified public charities such as the **Arts Council of Moore County**.

Donors may work with their financial advisor to direct their gift, or use the electronic forms on their investment account, or use an IRA checkbook to easily send their gift directly to the Arts Council.

By transferring your appreciated securities to the Arts Council, you eliminate the capital gains tax typically paid on your growth and receive a tax deduction for your gift. Many times, you can leverage a larger donation if you use an appreciated asset instead of a cash gift to make your gift.

### Benefits of a QCD for donors:

- A QCD can satisfy all or part of a donor's annual required minimum distribution (RMD)
- Avoid additional taxable income, which may allow you to avoid a higher tax bracket
- Donors can use the QCD to fulfill any outstanding pledges to the Arts Council
- Donors may direct funds to support their most important programs and projects
- Donors pay no income taxes on the gift. The transfer generates neither taxable income nor an income tax deduction, so a donor can benefit even if they do not itemize deductions.

### Who should consider a Qualified Charitable Distribution (QCD)?

Retirees who have accumulated significant saving in their tax-deferred Individual Retirement Account (IRAs) and for whom charitable giving is part of their financial plan should consider a QCD.

At age 73 with the onset of required minimum distributions (RMD), donors must withdraw a specific amount from the IRA account. The higher the balance in a donor's account the higher the donor's RMD. QCD gifts may potentially avoid climbing into a higher income tax bracket.

**NOTE:** A QCD may not be used to pay for any tickets, items purchased, or sponsorships, and under the law a donor cannot receive any benefits when making a QCD.

### QCD to establish a Charitable Gift Annuity.

Recent tax law changes now allow a one-time lifetime transfer of up to \$53,000 to establish a one-life charitable gift annuity for the donor or a two-life gift annuity for the donor and spouse. This is called the Legacy IRA. Once established the fixed and guaranteed payments are fully taxable for income tax purposes.

### How do I make my QCD transfer? It is important to know the following:

**Legal name:** Arts Council of Moore County, Inc.

**Legal address:** PO Box 405, Southern Pines, NC 28388

**Federal tax ID number:** 56-1083785

### Contacts for additional information:

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**NOTE:** This information is taken from sources believed to be reliable but is not guaranteed as to completeness or accuracy. You are urged to seek the advice of your financial planner, attorney, and/or tax advisor to make certain a contemplated gift fits well into your overall circumstances and planning.