



HISCOCK LEGAL AID SOCIETY

PROMOTING JUSTICE FOR ALL SINCE 1949

Qualified Charitable Distribution: Giving Made Easy and Tax Efficient

If you are age 70 ½ or older please consider the use of your IRA distribution for your gift to HLA.

It works by instructing your IRA custodian to transfer a part of your required minimum distribution directly to HLA. This direct transfer, otherwise known as a Qualified Charitable Distribution (QCD) will avoid the inclusion of the gifted amount in your taxable income* for the year of the gift.

If you do not itemize your deductions, the QCD will permit you to secure the tax advantages of a charitable gift only otherwise available to those who itemize deductions.

To make use of this gifting strategy, the funds must be transferred directly to HLA. If you first take a distribution to your personal account and then make the gift to HLA, the gift will not be eligible for the favorable tax treatment of a QCD.

Even if you are not yet required to take a minimum distribution, if you are age 70 1/2 or older, you can still take advantage of this tax favorable giving strategy.

The maximum amount of the QCD is \$100,000 annually.

**It will be important for you to advise your tax preparer that a portion of your IRA distribution was directly transferred to HLA. Since this gifting strategy is relatively new, not all custodians of IRAs distinguish between the QCD amount and the taxable amount. It will be important to be sure that the amount of your gift is NOT included in the taxable amount of your IRA distribution.*