



# WHATCOM COMMUNITY FOUNDATION

## Qualified Charitable Distributions (QCD):

If you are age 72 or older, the IRS requires you to take *required minimum distributions* (RMDs) each year from your tax-deferred retirement accounts. This additional taxable income may push you into a higher tax bracket and reduce your eligibility for certain tax credits and deductions. To eliminate or reduce the impact of RMD income, you may want to consider making a qualified charitable distribution (QCD).

A QCD is a direct transfer of funds from an IRA custodian, payable to a qualified charity, as described in the QCD provision in the Internal Revenue Code. Amounts distributed as a QCD can be counted toward satisfying your RMD amount for the year - up to \$100,000 - and can also be excluded from your taxable income.

### A QCD must adhere to the following requirements:

- You must be at least 70½ years old at the time you request a QCD. If you process a distribution prior to reaching age 70½, the distribution will be treated as taxable income.
- For a QCD to count toward your current year's RMD, the funds must come out of your IRA by your RMD deadline, which is generally December 31st each year.
- Funds must be transferred directly from your IRA custodian to the qualified charity. This is accomplished by requesting your IRA custodian issue a check from your IRA payable to the charity. You can then request that the check be mailed to the charity.
- To make it easier for you and your financial advisor, **you may designate Whatcom Community Foundation (WCF) to receive your Qualified Charitable Distribution (QCD) and have WCF send out your designated gifts to a list of your favorite charities or Community Foundation funds**, such as scholarship funds or field of interest funds. (Please note, you may not designate your gift to a Donor Advised Fund).

### Here are the 2 steps for this process:

1. After you know the amount of your QCD, fill out the [gift designation form](#) *prior* to having your broker or financial advisor send your QCD gift. You may mail the form to the Whatcom Community Foundation (*a nominal 2% processing fee will be charged on your QCD gift /grant*).
2. Fill out paperwork with your financial advisor / brokerage firm to have your QCD sent to Whatcom Community Foundation, ein# 91-1726410

Once we receive your gift designation form, we will look for the QCD gift from your brokerage firm and process your grants to the designated organizations indicated on your form. *Please note, it is an IRS regulation that we receive your gift designations prior to receiving your QCD gift.*

**Note:** If a distribution check is made payable to you, the distribution would NOT qualify as a QCD and would be treated as taxable income.

*Please note that due to the complexity of the tax law and the fact that many of these provisions introduce issues that are new to the Internal Revenue Code, this information may be subject to change. It is not a substitute for expert legal, tax or other professional counsel and we strongly encourage donors to work with their professional advisors to determine the impact of this legislation on their particular situations. This information may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code.*