



Shasta Regional  
COMMUNITY FOUNDATION

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November 2016

## Year-End Tax Tips: Donating to Charity From Your IRA

By following a few simple rules, your charitable donations can help you trim your tax bill. Be sure to check with your professional advisor about your unique circumstances and to get more details.

There may be possible tax perks to be gained from giving your required minimum distributions from an IRA directly to a charity — particularly if you don't itemize.

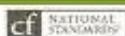
Once you reach age 70½, the IRS requires you to take money out of your retirement accounts. These mandatory withdrawals are called required minimum distributions (RMDs). If you make a direct transfer from your IRA to a charity, you get to count that money toward your RMD — but because it's not actually distributed to you, it won't increase your adjusted gross income. That means the move could help you avoid the Medicare high-income surcharge on income over \$250,000 for couples filing jointly (\$200,000 for singles), make fewer of your Social Security dollars taxable, and maybe even keep you in a lower tax bracket, among other benefits, says Henry Grzes, lead technical manager on the American Institute of CPA's tax practice and ethics team.

The move is especially valuable if you don't itemize your deductions, because it lets you reap a tax benefit for your generosity. "Many people do not have sufficient need to itemize, and so it makes sense for them to give their RMDs to a nonprofit since they won't get a charitable deduction," says Grzes. "When you give directly, you avoid that issue and ensure you get at least some tax benefits."

To gift your RMD to a charity, contact both your IRA account administrator and the charity itself to find out the correct protocol. Shasta Regional Community Foundation can help you plan your charitable gifts, contact Kerry Caranci at 244-1219.

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***The Shasta Regional Community Foundation is a resource building organization in Shasta and Siskiyou counties dedicated to promoting philanthropy by connecting people who care with causes that matter. Since 2000, the Community Foundation has awarded over \$18,000,000 in grants to area nonprofit organizations. For more information, call the Shasta Regional Community Foundation at (530)244-1219 or visit [www.shastarcf.org](http://www.shastarcf.org).***

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