

The Straits Area Community Foundation (SACF) is a member organization of the Cheboygan Area Chamber of Commerce.

NEWS RELEASE

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NONPROFITS BENEFIT FROM CHARITABLE GIFTS FROM RETIREMENT FUNDS

ALPENA – As the end of the year approaches, many people may have “Take Required Minimum Distributions (RMD) from IRA” on their to-do list. And it is likely that many are unaware that their RMD can be used to make a tax-free charitable donation.

“With the end of the tax year coming during the most popular season for charitable giving, unneeded IRA distributions are a great way to support our communities,” said Community Foundation for Northeast Michigan (CFNEM) Executive Director Patrick Heraghty. “Aside from the tax benefits of this, giving back is a great way to lift our own spirits, and help others at the same time.”

For those eligible, donating IRA funds to charity through a Qualified Charitable Distribution (QCD) may yield the biggest tax bang for your charitable buck. According to Heraghty, this method of giving appears to be growing in popularity. He says the Community Foundation and its affiliate foundations, including the Straits Area Community Foundation, have seen a steady increase in these types of donations over the last few years.

There are a few simple requirements for an IRA distribution gift: The check must not pass through the donor’s hands; it must be written by the custodian of the IRA directly to the charity, which must be a qualifying charity other than a donor advised fund or a private foundation; and you will need an acknowledgement from the charity for the gift. Failure to take your RMD by year-end could result in a stiff IRS penalty—50% of the amount you should have withdrawn.

The criteria for a charitable donation from an IRA are:

- The IRA holder must be age 70 ½ or older at the time the gift is made.

- Gifts may be made using all, or a portion of the Required Minimum Distribution (up to \$100,000 tax-free annually).

- Gifts must be outright donations made directly from an IRA to a qualifying charitable organization.

While a donation from an IRA can be made at any time to a charitable organization, the Community Foundation staff points out that Giving Tuesday, on November 27, may be the perfect time for giving such a gift.

“Our local Giving Tuesday Northeast Michigan event is coming up quick,” says CFNEM’s Marketing Communications Director Christine Hitch. “We have over 55 nonprofit organizations throughout our nine-county service area participating in our event this year, and we want to make sure people know they can have an RMD donation counted toward Giving Tuesday in support of any of these organizations.”

Hitch says that in order for a donation from an RMD to be counted for Giving Tuesday Northeast Michigan, it needs to be received by the Community Foundation between November 19 and November 27. She also points out that while Giving Tuesday is a big day of giving, RMD gifts can be made at any time to any of the Community Foundation’s 500 charitable funds, or to any qualifying charitable organization near to their heart.

Those looking to make charitable donations through an IRA distribution should contact their tax professional, as the benefits could be substantial.

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