

IRAs, RDAs, Donors Age 70+

If you are over 70½ and have an IRA (Individual Retirement Account) you **may** be able to reduce your income taxes by making your donations from your IRA. Individual income tax rules have changed for 2018 and it is now estimated that fewer than 10% of tax filers will be able to itemize their deductions and thereby lose the tax benefit of their charitable donations. Making your donations through your IRA **could** allow you to keep the tax benefits.

IRS rules allow you to donate each year to a charity from your IRA up to the amount of your annual required minimum distribution (RMD). The RMD is the amount the government requires you to take from your retirement accounts every year after you reach 70½.

If you would like to make your donations in this way you can contact your financial adviser or the custodian of your retirement accounts and ask them to send the donation directly to the Indiana Bar Foundation.

Advantages of making your charitable donations in this way are:

- You will not be taxed on IRA distributions made directly to charities from your IRA.
- The payments to charities will be made for you by the custodian of your IRA.
- Depending on the services offered by your custodian, the amount, timing, and number of donations are controlled by you.
- Required minimum distributions paid directly to charities are not taxable by the State.
- Handling your donations in this way **may** have other tax benefits such as reducing the amount of your Social Security benefits that are taxed or increasing medical expense itemized deductions.

The disadvantage of making your charitable donations in this way is the paperwork that may be required by your custodian.

If you are interested contact your IRA custodian, bank, or broker for more information.