

IRA Qualified Charitable Distribution (QCD)

I was influenced by several local alumni to visit and interview at Williams, and I will always be grateful to them for this life-changing opportunity. I became a successful surgeon, but the ability to think on my feet, make accurate and quick decisions, and empathize with my patients was learned in college. An additional benefit was forging close lifetime friendships with my Morgan West mates. When retirement came at age 70 it became obvious that an IRA Charitable Rollover was an easy and economical way to contribute to our 50th Reunion and I designated my gift to the Class of 1971 Summer Science Research Fund. It was time to give back to the college and people who gave so much to me and provide a path for others.



-Michael Rade '71

Use a Qualified Charitable Distribution (QCD) from your IRA to give more for less

Gift Parameters

- If you are at age 70½ or older, and are the owner of a Traditional IRA (or inherited Traditional IRA), you can make tax-free IRA contributions directly to qualified public charities, such as Williams.
- Each age-eligible IRA owner can transfer up to \$100,000 tax-free per tax year.
- Your IRA gift must be complete on or before December 31 of the calendar year in which you choose to make a qualified charitable distribution (QCD) for tax purposes.*
- The check must be made payable directly to Williams College.
- You can only make outright gifts. A QCD (IRA Charitable Rollover) cannot be used to fund life income gifts (such as charitable gift annuities or charitable remainder trusts).

Advantages

- The transfer process is quick and requires minimal paperwork.
- You can count your gift towards that year's Required Minimum Distribution (RMD). **
- You can make a tax-free QCD beginning at age 70½, whether or not you have an RMD for that year.
- Your distribution is not recognized as income on your federal income tax return, therefore no federal income tax charitable deduction.
- Some donors save on state income taxes.
- Donors who do not itemize their federal deductions will likely save taxes.
- Keeping your IRA distribution out of your adjusted gross income (AGI) may save you taxes in certain situations.

**Note, if you had not turned 70½ by December 31, 2019, the new SECURE Act raised the age for beginning RMD to age 72 for all retirement accounts subject to RMDs

Some donors with high AGIs can also save when:

1. Subject to alternative minimum tax (AMT), and/or
2. Subject to 3.8% healthcare surtax on investment income.

Some donors with low AGIs can also save on:

1. Social Security taxes and/or
2. Medicare premiums.

Cautions

- Employer-sponsored retirement plans, such as SEP IRAs, SIMPLE IRAs, 401(k)s, and 403(b)s are generally not eligible for the IRA Charitable Rollover.
- While the IRS permits IRA Charitable Rollover gifts from Roth IRAs, using a ROTH IRA eliminates many of the tax advantages of the charitable distribution. Consult your financial or tax adviser for advice.
- Most (but not all) states exclude IRA Charitable Rollover gifts from income for state and local tax purposes.
- The 2020 SECURE Act changed the distribution rules of newly inherited retirement funds, replacing it with a 10-year rule whereby all assets must be withdrawn (beneficiaries not affected – spouse, disabled, chronically ill, individual less than 10 years younger than decedent, minor children until age of majority). *Please see your advisor to discuss your personal finances and planning.*

How to Make Your Gift

• By CHECK

Instruct your IRA administrator to mail a check directly to Williams (payable to Williams College) to: **Manager of Gift Administration, Williams College, 75 Park Street, Williamstown, MA 01267**. The College's **Tax-Exempt ID number is 04-2104847**. Please make sure that your administrator encloses a letter along with your check stating: your name; the purpose of your gift (e.g. Alumni Fund); and notes that it is a qualified charitable distribution from your IRA. This information can also be stated in the memo line of your check

If you have an **IRA checkbook** you can simply mail a check to the address listed above.

*Please remember when using an IRA checkbook, the IRA administrator generally considers the date of the gift to be the date the check clears (not when the check is postmarked). For example, if you write a check and mail it on 12/31 and it is cashed by Williams (or any charity) on 1/1, the date of gift is the new year. To avoid penalties for not taking your full RMD, be sure that checks from an IRA checkbook are issued in plenty of time to clear within the calendar year.

• By CASH WIRE

If your IRA administrator prefers to make a cash wire transfer from your retirement account to Williams, please fill out the wire transfer letter (<https://giving.williams.edu/outright-cash-wire-transfers/>) and ask him/her to contact the Williams College Controller's Office at: securities@williams.edu or (413) 597-4118.