

IRA Qualified Charitable Distribution (QCD)

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

Gift Parameters for outright gifts

- If you are the owner of a Traditional IRA (or inherited Traditional IRA) and age 70½ or older you can make tax-free IRA contributions directly to qualified public charities, such as Williams.
- IRA gifts count toward required minimum distributions (RMDs), which typically start at age 73.
- Each age-eligible IRA owner can transfer up to \$111,000 (indexed to inflation) tax-free per tax year.
- If you are making your gift by check, it must be made payable directly to Williams College.

Advantages

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

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.

You can now use your IRA to make a gift of up to \$55,000 to a charitable gift annuity or charitable remainder unitrust. Contact Gift Planning for more information.

Additional Considerations

- Employer-sponsored retirement plans, such as SEP IRAs, SIMPLE IRAs, 401(k)s, and 403(b)s are not eligible for making QCDs.
- While the IRS permits QCDs 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.
- If you are counting your QCD toward your RMD, make sure you pay close attention to RMD timing rules and work closely with your IRA administrator to avoid penalties associated with late withdrawals.
- In 2020 Congress eliminated the “stretch IRA”, removing the ability of heirs to stretch payments from an inherited IRA over their lifetime. Now, all assets must be withdrawn from most inherited IRAs within 10 years (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: **Williams College Manager of Gift Administration, 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.

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.