

FINANCIAL FRIDAYS nymeo Federal Credit Union

Is a qualified charitable distribution right for you?



In a recent Financial Priorities study from Ameriprise Financial, 39% of investors surveyed said that in these challenging times, helping their communities is “much more” or “somewhat more” important.

A qualified charitable distribution (QCD) is a good way to both benefit a charity you support and gain a tax advantage.

What’s a QCD? Is it right for you?

A QCD is a nontaxable distribution from an individual retirement account (IRA) to an eligible charity. It can count toward your required minimum distribution (RMD) for the year — and neither you nor the eligible charity will have to pay income taxes. Consider the requirements:

- You must be least 70 ½ years old.
- An individual retirement account (IRA) is the only type of retirement account that meets QCD requirements. If you have assets in a 401(k) or other non-IRA plan, you may consider whether rolling those funds into an IRA would be a good step to take in case you want them to be eligible for a QCD.
- You may only make a distribution to qualified 501(c)(3) organizations. A distribution to donor-advised funds, supporting organizations, private

advised funds, supporting organizations, private foundations, charitable remainder trusts, charitable gift annuities and pooled income funds does not qualify for QCD treatment.

- \$100,000 is the maximum annual amount that can qualify for a QCD. The amount of any distribution that exceeds \$100,000 does not meet the requirements for a QCD, will be included in your gross income and will possibly be subject to income taxes.
- You must make a direct distribution from the IRA to the charity for the distribution eligible as a QCD. If you distribute funds from your IRA directly to yourself and then donate those funds directly to a charity, the donation does not qualify as a QCD

What are potential tax advantages of a QCD?

While everyone's situation is unique, a QCD generally offers significant tax advantages to consider. Here are some to be aware of:

- Donating with a QCD reduces your income, even if you don't itemize deductions on your tax return.
- Lowers your adjusted gross income (AGI), which decreases the amount of your Social Security income that could be subject to taxes.
- Could potentially lower future Medicare premiums, for people subject to the IRMAA rules².
- Potentially lower your Net Investment Income Tax if you're subject to it.

Please note, the charitable contribution rules are complex. See your tax advisor if you are considering making a QCD so that you can evaluate it as part of your entire tax situation.

If charitable giving is a priority for you, you may want to consider talking with Nymeo's financial advisors, Anna or Irene, about a QCD.

**Schedule a Complimentary Consultation with Anna
& Irene**



Anna A. Behnam
Financial Advisor



Irene Tata
Financial Advisor

How much does a financial advisor cost?

Your initial meeting with Anna or Irene is complimentary! Depending on your specific need, as well as the complexity of your situation, you may choose to pay for additional options. [Schedule a time to speak with them at your convenience.](#)

Investment products are not federally or NCUA-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

The initial consultation provides an overview of financial planning concepts. You will not receive written analysis and/or recommendations.



This is an advertisement. Nymeo Federal Credit Union
Copyright 2021

[Unsubscribe](#)

Nymeo Federal Credit Union | 240-436-4000 | 855-436-4100 | nymeo.org
5210 Chairmans Court, Frederick MD 21703

