

# Charitable giving from your IRA

Does this strategy make sense for you?

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# What IS Charitable Giving from your IRA?

Call your IRA trustee

Tell them to initiate a QCD

Funds are sent direct to charity

# Are taxpayers utilizing this strategy?

- Who has heard of this?
- Who has done it?
- Who CAN do it?
- Why haven't we heard of it? When did it start?
- How do I report it?
- How much can I give?

# Why should I give to charity through my IRA?

## Reason #1: Simplest Reason You do not itemize your deductions

- Your usual giving is less than standard
- Your usual giving is more than the standard - there is still a savings

Filing Status	2015 Standard Deduction
Married	\$12,600
Single	\$6,300
Head of Household	\$9,250
Increase if over age 64	\$1,250

QUESTION:

TRUE STATEMENT?

$$\$0 = \$100,000 - \$100,000$$


ANSWER:

SOMETIMES!



# Why should I give to charity through my IRA?

## Reason #2: Your itemized deductions are being limited

- When does this happen? 
- How is it calculated? Deductions reduced by lesser of
  - 3% of excess AGI over table at right, or
  - 80% of your total itemized deductions
- As a result you will not get 100% of your donation as a tax deduction

Filing Status	2015 AGI (Adjusted Gross Income)
Married	\$309,900
Single	\$258,250
Head of Household	\$284,050



# Why should I give to charity through my IRA?

## Reason #3: Your income is low

- Your tax deduction is limited to 50% of your income

# Why should I give to charity through my IRA?

## Reason #4: Keeping your AGI (Adjusted Gross Income) Lower

- Medicare Premiums
- Do you own rentals?
- Net Investment Income Tax (NII Tax)
  - Extra 3.8% tax rate on investment income



# Who is subject to the Net Investment Tax?

- AGI thresholds

Filing Status	2015 AGI Threshold
Married Jointly	\$250,000
Married separately	\$125,000
Single	\$200,000
Head of Household	\$200,000

- How is it calculated?

# Why should I give to charity through my IRA?

Reason #5: You don't need your IRA withdrawals but you're required to take them and it is increasing your tax

- What is a Required Minimum Distribution (RMD)?
- Required Minimum Distributions are based on FMV

# Why should I give to charity through my IRA?

## Reason #6: Your IRA isn't the best thing to inherit

- What proportion of your entire estate is your IRA balance?

# Is there a reason NOT to gift through your IRA?

- You don't like the idea of one large gift to one charity?
- Your IRA account is small relative to a brokerage account that has appreciated stock in it

QUESTIONS?