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The Best Solution for Making Charitable Contributions After Age 70 1/2

By Brendan Houlihan 5/1/2021

Qualified Charitable Distributions (QCDs).

ARE YOU TAKING ADVANTAGE OF THIS TAX BREAK? Are you withdrawing Required Minimum Distributions (RMDs) from your IRA accounts? If you are donating to a qualifying charity and you meet certain requirements, this could be the perfect solution. Ideally you could make a charitable contribution from your IRA to a qualifying charity, such as Chicago Gaelic Park Charities, and satisfy your RMD while not increasing your taxable income. It is a WIN WIN!

A QCD is a distribution from an IRA that transfers monies to a qualifying charity and is not counted towards your taxable income. So, you can take a required minimum distribution (or more) from your IRA without increasing your taxable income while still realizing your standard deduction as well.

Here are the details:

- Donor must be age 70 ½ plus at time of the distribution and donation.
- Both spouses can do separate QCD's from their own IRAs.
- \$100,000 can qualify for QCD each tax year.
- Can be made from IRA, inactive SEP or SIMPLE IRA, not allowed from employer plans.
- Must be a direct transfer to a qualifying charity.

- Must be a qualifying charity, 501c-3: Chicago Gaelic Park Charities, local church, etc.
- QCD can satisfy your Required Minimum Distribution.
- QCD reported on Form 1099-R.

If you are charitably inclined plus older than 70 ½ and taking distributions out of your IRA... this is a good fit. It is a no-brainer!

Just make sure you do it the right way! I can assist you with the process.

Save more for tomorrow, TODAY!

Brendan Houlihan, a fiduciary, is Financial Advisor at BFH Wealth Management and creator of the Learn to Earn Investment program for children.

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