



Qualified Charitable Distributions

Direct gifts from IRAs can provide additional tax benefits

The IRA Charitable Rollover allows individuals ages 70½ or older to make an outright gift of as much as \$105,000 annually to Cushing Academy from a traditional IRA. The withdrawal amount, known as the qualified charitable distribution (QCD), may count toward your annual required minimum distribution. Although the RMD is not required until age 73, the QCD can be particularly beneficial for donors who do not itemize and instead file the standard deduction.

The QCD must be paid directly from your IRA to Cushing.

Frequently Asked Questions

When can I make a rollover gift from my IRA?

You can make the transfer beginning when you are 70½ years old, which coincides with the age at which IRA account holders must make annual required minimum distributions from their IRAs. A qualified charitable distribution counts toward your required minimum distribution.

What is a Qualified Charitable Distribution (QCD)?

A QCD is an otherwise taxable distribution from an IRA owned by an individual who is 70½ or older that is paid directly from the IRA to a qualified charity.

Do I receive an income tax deduction with a Charitable IRA Rollover gift?

You do not receive a tax deduction for a rollover gift from a regular IRA; the transfer, however, is not recognized as taxable income. Because a QCD reduces income and is not an itemized deduction, the gift benefits even those donors who do not itemize but instead file the standard deduction.

Is my 401(k) eligible for Charitable Rollover treatment?

No. However, it may be possible to transfer or rollover funds from a non-IRA qualified retirement plan [401(k), 403(b), etc.] to an IRA. Check with your retirement plan administrator for eligibility and guidelines. Once the new IRA is established, you may then initiate an IRA rollover gift.

Are there limits on the gift amount?

While your IRA administrator may have a minimum amount for each distribution, Cushing has no minimums in accepting these gifts. The maximum withdrawal may not exceed \$105,000 annually per individual for all such gifts. A married couple with separate IRAs may each transfer as much as \$105,000 annually to Cushing.

How do I initiate a Charitable IRA Rollover?

Contact your IRA administrator to request a Charitable IRA Rollover. Visit our website for sample letters if your administrator does not have special forms or check writing. You will also find a corresponding letter to inform Cushing how you wish to direct your rollover gift.



The IRA Charitable Rollover (cont.)

Are there restrictions on Charitable IRA Rollover gifts?

A Charitable IRA Rollover is only eligible for outright donations and cannot be given

- to a Donor Advised Fund, supporting organization, or private foundation;
- in exchange for benefits such as tickets to an event, membership, etc.; or
- to fund a life income gift, such as a charitable gift annuity or charitable remainder unitrust.*

**You may withdraw funds from your IRA to establish a life income gift; however, the full amount of your withdrawal is treated as ordinary income for tax purposes. The charitable tax deduction from the life income gift may partially offset the withdrawal.*

How do I use my check-writing facility to transfer funds from my IRA to Cushing?

Some custodians offer check-writing privileges or special forms to initiate the gift to Cushing. Checks payable to "Cushing Academy" may be mailed to:

Cushing Academy, Office of Advancement
Attn: Greg Pollard
39 School Street
Ashburnham, MA 01430

Note: For tax purposes, the date of the gift is the date the funds leave your IRA account (not the postmark on the envelope). It is important to allow sufficient time for the rollover check to clear to ensure that the funds are withdrawn during your preferred tax year.

What type of acknowledgment should I expect to receive from my IRA gift to Cushing?

Cushing sends an acknowledgment and statement that no goods or services were received in exchange for the gift to your IRA administrator. Separately, you will receive a letter of thanks that states the gift is an IRA rollover and confirms the designation. You will receive recognition gift credit for the full amount of your IRA gift.

How do I report my QCD?

A QCD is reported by your IRA custodian as a normal distribution on IRS Form 1099-R for any noninherited IRAs. To report a QCD on your Form 1040 tax return, you generally report the full amount of the charitable distribution on the line for IRA distributions. On the line for the taxable amount, enter zero if the full amount was a qualified charitable distribution. Enter "QCD" next to this line. You should keep the acknowledgment of the donation from Cushing for your tax records. Check with your tax advisor to confirm your personal tax reporting requirements.

If I have more questions, whom should I contact?

Contact Greg Pollard, Director of Advancement 978-827-7400 or grpollard@cushing.org. Additional information may be found on the Office of Advancement website (cushing.org/giving/giving-overview).

The information provided here is not offered as tax or legal advice. Donors and potential donors should consult with a qualified tax advisor regarding their own specific circumstances, the tax and nontax considerations, and consequences associated with the gift described in this document.

Sample IRA Distribution Letter Instructions:

First, contact your IRA administrator and see if they have a form that you can use to make an IRA direct charitable gift request. If that is not available, the following page offers a sample letter that can be used to request a direct distribution from an IRA (Individual Retirement Account) to Brown and other important charities. (This sort of gift is only available to individuals who are over age 70 ½.)

You may print the sample letter and simply fill in the blanks by hand as follows:

- 1) Enter the name and address of your IRA custodian/administrator.
- 2) Enter the date.
- 3) Enter your IRA account number.
- 4) Enter the amount you wish to transfer to Cushing Academy.
- 5) State where you would like the gift to be directed.
- 6) Include a phone number or email address where you can be contacted.
- 7) Sign the letter, print your name as the Plan Owner, and include your return mailing address.

We recommend keeping a copy of the letter for your records.

Remember, this sort of gift is NOT income to you and, therefore, it is NOT tax-deductible. Nonetheless, the gift counts toward your Required Minimum Distribution (RMD). This is a great option for anyone who does not itemize charitable deductions and/or anyone who does not want to incur that additional RMD income.

IRA Company Name & Address

(Date)

RE: Request for charitable distribution from my
Individual Retirement Account for the 20__ Tax Year

Dear IRA Custodian:

Please accept this letter as my request to make a direct charitable distribution from my Individual Retirement Account, Account # _____ as authorized by Section 408(d)(8) of the Internal Revenue Code.

Please issue a check in the amount of \$ _____ payable to the following charitable organization at the following address:

Cushing Academy
Office of Advancement
39 School Street
Ashburnham, MA 01430

In your transmittal to the above-named organization, please communicate my name and address as the donor of record in connection with this transfer. Also, please indicate that the purpose of the gift is: _____
(Example: The Cushing Annual Fund, etc.)

Please copy me on your transmittal.

It is my intention to have this transfer be a Qualified Charitable Distribution (QCD) that will qualify for exclusion from my taxable income during the 20__ tax year. This QCD will fulfill part or all of my Required Minimum Distribution for this year. Therefore, it is imperative this distribution be postmarked no later than December 31, 20__.

If you have any questions or need to contact me, I can be reached at _____.
Thank you for your assistance and prompt attention to this matter.

Sincerely,

Signature

Home Address

Print Name

Plan Owner

City, State, Zip