

# QUALIFIED CHARITABLE DISTRIBUTION

## A GREAT WAY TO DONATE

In previous tax years, many of our donors would list gifts to Meals on Wheels of Lynchburg as a charitable contribution on their tax return. With recent changes to the tax laws, these donors will instead take the standard deduction on their tax return because it will be larger than their itemized deductions.

**However**, some donors can still get a significant tax break if they make their donation as a **Qualified Charitable Distribution (also called an IRA Charitable Gift)**. In order to do so, you must be 70 1/2 and already taking the Required Minimum Distribution (RMD) from your IRA. Arrange with your IRA custodian to make your annual contribution to Meals on Wheels of Greater Lynchburg directly from your IRA. *Please request that your name be referenced on the distribution check so that we can properly record and acknowledge your donation.*

**Consider this example:** *The RMD from your IRA is \$6,000 for 2020. If you take this distribution, and are in the 33% tax bracket, you will pay \$2,000 in taxes, leaving you \$4,000 to spend or donate. However, if you direct the IRA to write the distribution check directly to Meals on Wheels of Greater Lynchburg, you will pay NO taxes, and have the full \$6,000 to donate. Transferring assets in this way generates neither taxable income, nor a tax deduction, so you benefit even if you do not itemize deductions on your taxes.*

This type of contribution lowers your Adjusted Gross Income (AGI), which lowers your tax, and you still get the new larger standard deduction! It may even lower Medicare costs, which are based on AGI. It takes a little planning, but the tax breaks for contributing are still there.

If you are interested, [consult your tax advisor](#) or call the Meals on Wheels office. We have resources and professionals on call to answer your questions.