



IRA Charitable Contribution

An individual age 70½ or older with an IRA or Roth IRA may contribute up to \$100,000 annually from those accounts to a qualified nonprofit ministry, like visionSynergy. Why might this be beneficial to the individual?

- Starting at 70½, individuals must begin taking distributions from their IRAs, which could put them in a significantly higher tax bracket. A Charitable Contribution reduces the required distribution by the amount of the gift, avoiding higher income and possibly higher taxes.
- If an individual takes the distribution and then donates the same amount to a ministry, the amount they can deduct from taxes will be limited to 50% of adjusted gross income (AGI), which is now higher because of the IRA distribution, potentially causing a high tax bill. Even though the remaining gift deduction can be carried over to future years, the deduction will likely not be as valuable.
- If an individual takes the distribution, the increased AGI will also increase the amount of medical and miscellaneous expenses that cannot be deducted from taxes because of the percentage of AGI floor on these types of expenses.

What are the requirements for making an IRA Charitable Contribution?

- The IRA owner must be 70½ or older.
- The contribution must be made from a traditional IRA or Roth IRA (although it probably won't be beneficial to contribute from the latter).
- The contribution must be made directly from the IRA to the ministry. It cannot be distributed to the IRA owner first.
- The contribution must be made to a qualified charity. Most nonprofit ministries qualify. But contributions cannot be made to private foundations, donor advised funds, or supporting organizations. visionSynergy qualifies.
- Both husband and wife can donate up to \$100,000 from each of their IRAs each year or a total maximum of \$200,000 annually.

Keep in mind that since you are not receiving the distribution as income, this contribution from your IRA is not a tax deductible gift.

To learn more, **check with your tax adviser. This educational illustration is not professional tax or legal advice.**

*To make an IRA gift to visionSynergy, contact:
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