

Consider supporting your parish through an IRA Qualified Charitable Distribution

IRS tax rules in effect for some time have allowed people over the age of 70-1/2 to make contributions to charitable organizations from their IRA, and to have these contributions count toward their annual required minimum distribution (RMD) without being added to their adjusted gross income. Now, following the passage of the new tax law in December 2017, an IRA Qualified Charitable Distribution may be even a more attractive option for some people with respect to tax planning.



Because the new tax law nearly doubles the standard deduction, fewer people will itemize deductions – and you can only deduct charitable contributions if you itemize. As an example, until Congress changed the rules, the standard deduction for joint filers was scheduled to be \$13,000. After the change, the standard deduction for 2018 for joint filers is \$24,000. For taxpayers older than age 65, this figure is even higher in that each person gets an additional \$1,300, so a couple where both is over 65 would have a standard deduction of \$26,600. The concepts are similar for single or “head of household” filers.

Meanwhile, the new law also limits some itemized deductions, potentially making it more difficult to reach that threshold and receive an income tax benefit from charitable donations. Deductions that may be eliminated or limited in some circumstances include property, sales, and state income tax, and interest on home-equity loans and larger home loans.

But a tax-free transfer from an IRA lets you benefit from making a gift to a charitable organization even without itemizing. This way you can take the standard deduction, but your charitable gift isn't included in your adjusted gross income and taxed. Keeping some or all of your RMD out of your adjusted gross income may also help keep your income below the threshold for being subject to Medicare taxes, and may hold down the percentage of your social security benefits that are subject to taxation.

With questions or for more information, you may contact Bill Noel in the Parish Office at 920-468-7848 or the Catholic Foundation for the Diocese of Green Bay at 920-272-8181.

This guidance is only for your information and is not necessarily applicable to your specific situation. You should consult with your legal, tax and financial advisors before proceeding.