



## **A Special Gift Opportunity for Those 70½ Years Old and Older**

You can give any amount (up to a total annual maximum of \$105,000 for 2024) per year from your traditional IRA directly to qualified public charities such as the Grand Junction Geological Society Foundation without having to pay income taxes on the money. Gifts of any value up to that annual total of \$105,000 are eligible for this benefit and you can feel good knowing that you are making a difference at the Grand Junction Geological Society. This is called a qualified charitable distribution, or QCD for short. See IRS Publication 590-B (2022) The 2023 revision of Pub 590-B should be released in early April, 2024 for details.

### **Why Consider This Type of Gift?**

- You pay no income tax on the gift. The transfer from your IRA directly to the qualifying charity generates neither taxable income nor a tax deduction. So you benefit even if you do not itemize your deductions. If you do itemize deductions, this gift may not be also claimed in your itemized deduction total as that would be “double-dipping.”
- Your eligibility to make these gifts begins on the day you turn 70½. Therefore, if you turn 70½ on say, December 5, then in that year (starting on December 5 and ending on December 31), you can execute these gifts up to the annual maximum. Your total QCDs are not included in your taxable income for the year. Sometimes this type of withdrawal is referred to as a “Charitable Rollover.”
- Since these gifts don’t count as income, they will reduce your annual income level. This may help keep your Medicare premiums lower and maybe decrease the amount of Social Security benefits that are subject to income tax.
- Because the QCD is not taxable, this type of gift is a win-win situation. It’s a win for you because you can make it directly to the charity, and pay no tax. It’s a win for the charity because if you wanted to make a donation of say, \$500, it might cost you \$632 (the check you write out of your regular bank or credit union account), plus Federal tax, \$110 (if your tax rate is 22%), plus state income tax, \$22 (Colorado Income tax rate of 4.4%). So your \$500 gift would cost you \$632. When using the QCD opportunity (direct payment from your IRA to the qualifying charity) this will only cost you \$500.
- Finally, if you are of the age that requires you to take “RMDs” (Required Minimum Distributions) from your IRA, then there’s another win for you

when you use the QCD method of making charitable gifts. This is that the amount you give to charities will count toward your RMD. This reduces the amount you must withdraw that from your IRA to meet the RMD, and that much can stay in your IRA and make more money for the future, and again, you pay less tax to accomplish this.

Usually it's easy – you request a QCD from your IRA custodian (for example: Fidelity, Schwab, T. Rowe Price, Vanguard, or another firm). You must provide the legal name of the donee, for us that is “Grand Junction Geological Society Foundation, Inc.” and the TIN (Tax Identification Number) for the GJGS Foundation, Inc., which is 46-2904018. Your IRA custodian will send you a check made out to the Grand Junction Geological Society Foundation, and you give it to the GJGS Foundation Treasurer (currently Craig Goodknight). The GJGS Foundation will give you an acknowledgment letter for your records. Even though it’s not an “itemizable deduction,” you must have the same type of acknowledgment of your contribution that you would need to claim a deduction for a charitable contribution. See *Substantiation Requirements* in IRS Publication 526 for these details.

It may be wise to review your personal details with a tax advisor so you make the best choice and get the best benefit.

A QCD is becoming a popular way to make contributions, whether it's \$100, \$1000, or more. The Geological Society of America Foundation also accepts this type of gifts: <<https://gsa-foundation.org/ways-to-give/>>

The changes for QCDs in 2024 include:

1. In 2024, the age when RMDs start has risen to 73 (it was previously 72).
2. In 2024, the annual maximum total for QCDs has been increased (an adjustment for inflation) to \$105,000. Previously, it had remained at \$100,000 for several years. The total maximum may be adjusted again each year depending on annual inflation.