

Gifts from Your IRA Benefit St. John's, Lower Your Tax Burden

Although some of the rules concerning Required Minimum Distributions (RMDs) have changed, the benefits of contributing to St. John's directly from your IRA remain intact. The RMD is the amount federal tax law requires you to withdraw from your IRA if you are age 73 or older.

Giving some or all of your RMD to St. John's is a tax-advantaged way to contribute. By donating directly to St. John's from your IRA, you may reduce your tax liability. You must be age 70½ or older to qualify for this tax benefit. A total of \$100,000 per year can be transferred directly from your IRA to St. John's (or other charity) without creating a taxable event.

If you normally take distributions from your IRA, those distributions create a taxable event and they must be included in your taxable income. If instead you give some of that money to St. John's, the amount you direct to St. John's from your IRA is not included in your taxable income.

You cannot take a deduction on your income tax return for your gift of the RMD to St. John's, but because that amount is not part of your reportable income, you still save on taxes. For example, if you give \$4,000 in this way, your taxable income will be reduced by \$4,000 and you will pay no taxes on that amount.

Donors who have inherited an IRA from someone other than their spouse must withdraw all funds from the IRA within 10 years of the original owner's death. All amounts withdrawn from an inherited IRA create a taxable event, usually considered ordinary income subject to federal income tax. Therefore, a gift to St. John's directly from this type of IRA can provide a win/win opportunity for the donor and St. John's. And, like an RMD gift to charity by the IRA owner, the beneficiary of an inherited IRA must be at least age 70½ at the time of the distribution to get this special tax treatment.

You can name St. John's as the entire or partial beneficiary of your IRA. St. John's can then withdraw from the IRA tax-free and you become a member of our Legacy Society.

An increasing number of our members have discovered the benefits of contributing to St. John's directly from their IRA accounts and the financial advantages of this form of giving.

It could be very beneficial for you to check with your financial advisor about giving directly from your IRA. If you want more information, please contact Jan Davis (jandavis.stjohns@gmail.com). If enough people are interested, an informational meeting can be planned.

Information from horizons.net and their 2022 Horizons Stewardship articles was included.