

Using Required Minimum Distributions to Support Charities

Mr. Utterback (A retired CPA) has requested we share the following information with our supporters.

The Donations he has made to NB PAWS over the past few years have come directly from his IRA as a part of his Required Minimum Distribution (RMD) for each of those years. Giving this way benefits not only PAWS (or your other favorite Charity) but you as the Donor as well.

For Instance:

1. IRA holders that are 70 1/2 (or older) are required to draw a portion of their IRA funds each year. This amount is identified as their Required Minimum Distribution (RMD).
2. They may direct a portion, or all, of their RMD directly to any qualified 501(c)(3) charity in good standing with the Secretary of State.
3. The money must be donated by December 31st and may not exceed \$100,000 in any given year.
4. As the money you donate to your favorite charity was not released to you first, these funds will not be considered as taxable income on you taxes but they will reduce your RMD for that **year**.
5. By donating this way, you still retain the \$26,600 "other" itemized deduction on line 8, form 1040.

Regardless of the amount of a person's Required Minimum Distribution, if they are 70 1/2 or older, donating directly to charitable organizations just makes sense. Many people donate to charities consistently, like their church. If they were to disperse their RMD directly to their church in December 2022 to cover their 2023 contributions, the church receives the funds earlier to utilize during the following year and the donor benefits from not having to pay taxes on that redirected income.

The Utterback's plan is to take full advantage of this benefit and donate the maximum they can each year, Ocean Shores has been their home for many years, and they love their great community. It brings them joy to be able to give back in this way. They encourage anyone else who has RMD's to make each year do the same thing. Your generosity will be greatly appreciated by the charity of your choice and in addition you will save some money in your pocketbook. It will also make your heart feel so good and is a wonderful way to give back to the causes you love to support and share your blessings in this life!