



Use Your IRA for Charitable Donations

If you have not completed your Required Minimum Distribution (RMD) for 2021, because you have nowhere to spend it, consider giving it to charity.

Donating to charity from your IRA generally results in a tax benefit. Normally distributions from an IRA are taxed. However, an individual who is age 70 ½ or older may donate to a qualified charity (one which has Sec. 501(c)(3) status such as AAUW Funds or Tech Trek) and not pay tax on the distribution. The donation must be **paid directly from the IRA to the charity** (the check drawn on the IRA must be payable to the charity). Even better, the distribution can be counted as part of your required minimum distribution (RMD).

For example, Hilda wants to donate \$1,000 to AAUW.

If Hilda withdraws the \$1,000 and then writes a check to AAUW, she will pay tax on the \$1,000. Assuming that the tax is \$200, that will leave her \$800 to donate.

Before recent tax law changes, Hilda could offset the tax on the distribution by claiming an itemized deduction for the donation. However, under current tax rules, most people do not itemize deductions because the standard deduction is higher.

If instead, Hilda directs her IRA to send a \$1,000 donation to AAUW, the distribution is not taxed, and the charity gets \$1,000.

Please consult your tax adviser to determine if this strategy works for you.