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## You Can Give Your 2015 IRA Required Distribution to Charity Now



You can make a tax-free transfer of up to \$100,000.

By Kimberly Lankford, December 18, 2015

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*I want to give my IRA required minimum distribution to charity, like I did last year, but I've been waiting for Congress to extend the law permitting the tax-free transfer for 2015. Has Congress passed the law, or does it look as if it will act soon?*

### **TOOL:** [Calculate Your IRA Required Minimum Distribution](#)

Good news! Congress just passed a tax bill that permanently extends the Qualified Charitable Distribution (QCD) provision, which lets people over age 70½ transfer up to \$100,000 from their IRA to charity and have it count as their required minimum distribution without increasing their adjusted gross income.

Because it's getting close to the December 31 deadline for taking required minimum distributions, you need to act fast.

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Contact your IRA administrator right away and ask about the procedures and time frame for making the transfer, recommends Jeff Levine, director of retirement education for Ed Slott and Company, which provides IRA advice.

Find out whether you'll need to sell some stock or mutual funds within your IRA so you'll have enough cash in your account to cover the charitable donation. That will speed up the process for the IRA administrator to send you a check made out to the charity. "If [IRA investors] have the check sent to their own address of record, they don't need any special signature guarantees," says Maura Cassidy, director of retirement for Fidelity. The check must be made out to the charity, not to you, so the money isn't included in your adjusted gross income and counts as the tax-free transfer.

"Most clients can call and either process their QCD by phone or with Vanguard paperwork," says John Woerth, a Vanguard spokesman. "There is no paperwork required from the charity." He recommends having the check for the charity sent to you, then making a copy for your records and forwarding it to the charity with a brief letter. Contact the charity now to find out where to send the check and any other special procedures. Your IRA administrator may also be able to send the money directly from the IRA to the charity – but make sure that the money is deducted from the IRA before the December 31 deadline.

The bill extends the QCD provision retroactively to January 1, 2015, so if you transferred money from your IRA to a charity anytime in 2015 – even before the law was signed – it can count as your RMD without increasing your adjusted gross income.

If you make a tax-free transfer to a charity, you can't take a charitable deduction for that contribution, too. But keeping the money out of your adjusted gross income can be valuable if it helps you avoid a higher tax bracket or keeps your income below the threshold for the Medicare high-income surcharge, which boosts your Part B and Part D premiums if your adjusted gross income is above \$85,000 if you're single or \$170,000 for joint filers (see [How Much Will Your Medicare Part B Premiums Cost in 2016?](#) for more information). Keeping the money out of your adjusted gross income may also reduce the amount of your [Social Security benefits that are subject to taxes](#). It's also a way to benefit from making a charitable contribution if you don't itemize your deductions on your tax return.

The legislation extends the qualified charitable distribution provision permanently, which will be a big relief for retirees who have spent time every December worrying whether Congress would make a decision before the year-end RMD deadline.

For more information about RMDs, see our [Required Minimum Distribution](#) special report.

See Also: [10 Things You Must Know About Traditional IRAs](#)

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