



Supplee CHURCH

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Stewardship and Finance: Year End Tax Benefit for Contributing to Supplee

Attention members and friends who are age 70 ½ or older, who have an IRA, and have not taken their 2020 Required Minimum Distribution (RMD). If this describes you, please consider using a Qualified Charitable Distribution (QCD) for taking the RMD from your IRA. Here are the basic requirements for a QCD to qualify for favorable tax treatment:

- (a) You must be age 70 ½ or older at the date you request the QCD
- (b) The QCD must come out of your IRA by your RMD deadline, which is generally December 31 each year. The check must be delivered to Supplee by noon on December 31st at the latest.
- (c) Funds must be transferred directly from your IRA custodian and made **payable to Supplee**.
- (d) QCD's can only be processed from IRA's; not a 401(k), 403(b) or other retirement account.

Here is an explanation of the benefit:

- (1) If you are over age 70 ½, having your RMD sent directly to Supplee from your IRA is considered a QCD. The IRS excludes a QCD from taxable income, but also does not consider it a charitable itemized deduction.
- (2) Since the IRS increased the standard deduction and limited the deduction for state and local taxes, many taxpayers find themselves better off taking the standard deduction in lieu of taking itemized deductions. If taking the standard deduction is better, you will save taxes by processing a QCD directly from your IRA to Supplee versus taking the RMD as income and writing a check to Supplee which would no longer be an itemized deduction.
- (3) By using the QCD to exclude it from taxable income, you may keep yourself in a lower tax bracket and also reduce the amount that your Social Security is taxed.

There is still time in 2021 to contact your IRA custodian and have your RMD sent directly to Supplee as a QCD. If they have any questions, they can call Nancy for information on sending it to Supplee.

We recommend consulting your tax advisor to consider your specific situation.