



# When Retirement Equals Impact

It pays to explore IRA Qualified Charitable Distributions (QCD) before giving cash or writing a check.

## Not using your IRA Required Minimum Distribution (RMD) for living expenses?

Reduce your taxable income and boost your philanthropy by using your RMD to make a Qualified Charitable Distribution (QCD).

### Overview:

When an IRA owner turns 72, they are required to take annual minimum distributions from their traditional IRA, which are taxed as ordinary income. However, up to \$100,000 per year (\$200,000 for a married couple) of an IRA required minimum distribution (RMD) may be sent to a charity or nonprofit and be excluded from federal income tax. These Qualified Charitable Distributions (QCD's) cannot be directed to a Donor Advised Fund (DAF) or private foundation, but they can be gifted to the Vermont Community Foundation to benefit a wide variety nonprofits and causes. Note: The 1099-R will not explicitly indicate that the distribution was a QCD, so it is important to retain the gift acceptance letter and provide it to your tax preparer to maximize this tax-efficient strategy.

#### SCENARIO A:

If you accept a distribution and then give the money away, it increases your total taxable liability.



vs.

#### SCENARIO B:

If you instruct your IRA administrator to make a distribution directly to a charity, you satisfy your RMD without adding to your taxable income.

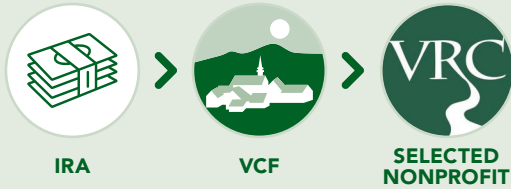


### How it works:

- 1 Direct a transfer** from your IRA to The Vermont Community Foundation or other eligible charity.
- 2 Exclude the gift amount** from your income for federal tax purposes.
- 3 Count the gift** toward your required minimum distribution for the year.
- 4 Make an immediate positive impact** in your community.

Want to make a difference in Vermont, but not sure where to start? Add to an [existing fund at the Community Foundation](#). From tackling key issues to supporting geographic regions that matter most to you, our team leverages our knowledge of Vermont's philanthropic landscape to create funds that deliver maximum impact in our home state.

You can also use your QCD to start one or both of the following types of funds.



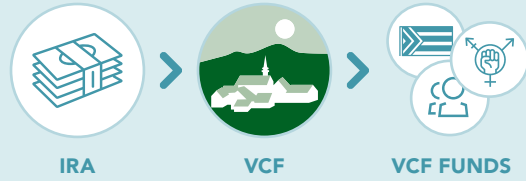
**DESIGNATED FUND:**

Provide annual support in perpetuity for one or more of their favorite charities.

**EXAMPLE:**

**Interested in environmental conservation?**

Create a designated fund that will provide regular and ongoing support for your favorite local nonprofit: LocalMotion, Vermont River Conservancy, Energy Action Network, or ask us for help identifying an org in your region.



**DISCRETIONARY FUND:**

Support a broad range of community needs (unrestricted fund), or a more specific field of interest such as the environment, arts, or a community or geographic region of Vermont (field of interest fund), leveraging VCF's expert understanding of the landscape.

**EXAMPLE:**

**Interested in Vermont's LGBTQ community?**

Create a discretionary fund that supports efforts to engage LGBTQ youth in your area.

**Ready to Notify your IRA Administrator?**  
Use this sample Distribution Request Letter to get started.

[Your Name]  
[Your Address]

Date

[Name of IRA administrator]  
[IRA Administrator Address]

RE: Request for a Qualified Charitable Distribution or Charitable Rollover from IRA

Dear [Name of IRA administrator]:

Please accept this note as my request to make a qualified charitable distribution, also known as a charitable rollover from my Individual Retirement Account #[ \_\_\_\_\_ ] as provided in The Protecting Americans from Tax Hikes Act of 2015 and Section 408(d)(8) of the Internal Revenue Code of 1986, as amended.

Please issue a check in the amount of \$[ \_\_\_\_\_ ] payable to The Vermont Community Foundation and mail it to: Vermont Community Foundation

3 Court Street, Middlebury, VT 05753  
Philanthropy@vermontcf.org  
EIN: 22-2712160

In your transmittal, include my name and address as the donor of record. Please also include a note that states that funds are intended for [ \_\_\_\_\_ include name of existing fund or that it is to create a new designated/discretionary fund \_\_\_\_\_ ] and copy me.

It is my intention that this distribution qualify for exclusion from my taxable income during the [insert tax year].

If you have any questions or need to contact me, I can be reached at [insert contact information].

Thank you.

[Your Name and Email]

**Have questions?**

Reach out to Alyssa DeBella at [philanthropy@vermontcf.org](mailto:philanthropy@vermontcf.org) or 802-388-3355 opt. 5.