Do you have an Individual Retirement Account (IRA)? Are you at least age 70½ (or soon will be) and subject to Required Minimum Distributions (RMDs)? Do you donate to Villanova and other charities? If you answered “yes” to all three questions then a Qualified Charitable Distribution (QCD), often called an IRA Charitable Rollover, may save you taxes.

Making a QCD is a tax-wise strategy that allows you to transfer up to $100,000 per year from your IRA directly to a qualified charity, like Villanova. It is only available to individuals with Traditional, Rollover or Inherited IRAs, and inactive SEP and SIMPLE plans. Any amount processed as a QCD counts toward your RMD and reduces the taxable amount of your IRA distribution. This lowers both your adjusted gross income (AGI) and taxable income, resulting in a lower overall tax liability. And it may save you on other taxes too, including a Medicare surtax and tax on Social Security benefits, depending on your annual income level.

The Tax Cuts and Jobs Act of 2017 raised the standard deduction to $12,000 for individuals and $24,000 for married couples. The act also eliminated some deductions and cut back on others. While charitable deductions were not directly affected, the potential tax benefits will be eliminated for many people because of the higher standard deduction. According to the Joint Committee on Taxation, under the new tax law approximately 13% of taxpayers would continue to itemize.

If you give to charity and take the standard deduction you receive no tax benefit for your contribution. While you will not receive a charitable tax deduction by making a QCD, the amount of the distribution counts toward your RMD and is excluded from gross income. Amounts withdrawal during lifetime will also reduce the value of your taxable estate.

If you want to make a QCD to support Villanova, we suggest you follow these easy steps:

1. Contact your IRA custodian and let them know that you would like to make a QCD to Villanova. Your custodian will make the check out to Villanova University.
2. Have your account custodian send the check directly to Villanova, or to you, payable to Villanova. The check can be mailed to Villanova University, Dundale Hall, 800 Lancaster Ave., Villanova, PA 19085.
3. Inform Villanova where you would like the funds to be designated to support the University or contact the Office of Gift and Estate Planning for suggestions.
4. You will receive a special acknowledgement letter from Villanova noting that you made a QCD. It’s important that you keep this letter for your tax records or share it with your tax preparer since your IRA custodian is not required to specifically account for QCD on your annual 1099-R form.

Looking ahead to tax year 2019, if you are accustomed to receiving automatic RMD payments, you may want to consider requesting manual payments instead. This will allow you the ability to make QCD to support Villanova and other charities. Contact your IRA custodian to determine the amount of your RMD. Please contact the Office of Gift and Estate Planning if you have any questions about the QCD process or ways in which you can support Villanova.