



Taxes or charity?  
Transfer IRA assets to  
nonprofits tax-free—  
any time of year.

## SUPPORT MULTIPLE NONPROFITS WITH ONE IRA CHARITABLE DISTRIBUTION

Community First Foundation is helping adults 70½ years or older use their IRA for charitable giving in a unique way. With a single distribution to the Foundation, individuals can support multiple nonprofits through our online giving website. The transaction incurs no federal income tax, providing the full amount to charity and tax advantages to the donor.

### How Does It Work?

IRS rules require adults who are 70 ½ or older to take minimum distributions (RMDs) each year from their tax-deferred retirement accounts. Although withdrawals for personal spending are subject to income tax, charitable distributions are not. Individuals can direct up to \$100,000 per year from their IRA to a qualified charity. This allows charitably inclined people to avoid or reduce IRA income tax while supporting cherished causes.

Community First Foundation takes the IRA giving option one step further. We make it possible for individuals to support as many nonprofits as they wish with only one charitable distribution to Community First Foundation. After receiving the charitable distribution, we provide a Giving eCard in the full distribution amount. This card can be used any time of the year to support nonprofits featured on [ColoradoGives.org](http://ColoradoGives.org), our online giving website.

# FREQUENTLY ASKED QUESTIONS

---

## What is an IRA Charitable Distribution?

Section 401(d)(8) of the Internal Revenue Code uses the term “qualified charitable distribution” to describe money individuals who are 70½ or older can direct from their traditional IRAs to eligible charitable organizations. The provision has a cap of \$100,000 per year per person. The IRA gift must be made directly from a plan administrator to an eligible charity to qualify. Traditional IRAs and some Roth IRAs qualify. Qualified retirement plans or 401(k) plans do not.

## What are the tax benefits of an IRA Charitable Distribution?

IRA distributions for charitable purposes are excluded from income tax. Keeping taxable income lower may reduce the impact to certain tax credits and deductions, including Social Security and Medicare. Individuals should consult with their estate planners or tax advisors to learn about the tax implications of significant charitable gifts.

## When can I make a charitable distribution?

Charitable distributions can be made year-round. More than one distribution per year is allowed (until the max of \$100,000 is reached), but it is more efficient to arrange a transfer only once a year.

## Why would I want to give some of my IRA assets to charity?

Charitable distributions from IRAs have the power to create win/win situations for everyone. Individuals who have sufficient funds to retire comfortably can feel good about supporting the vital work of nonprofits while also reducing tax liability. To avoid tax rates of up to 80 percent when IRA funds are left to dependents or family (other than a spouse), some financial advisors encourage individuals to distribute funds from their IRAs during their lifetimes. Under current tax law, any amounts left in an IRA when an individual dies may be taxed as income to the beneficiary and are considered assets when calculating estate tax liability.

## Will IRA charitable distributions count towards my required minimum distributions?

Shortly after reaching the age of 70½, people are generally required to begin taking distributions from their traditional IRAs. To compute required minimum distributions, the IRS doesn't distinguish between distributions for personal or charitable purposes. However, a distribution for personal use is taxed as income and a distribution for charity is not.

## Can I also receive a charitable deduction when a distribution is made from my IRA to a charity?

No. Because you can exclude this contribution from your gross income, you cannot also take a charitable contribution deduction. To do so would result in a double benefit for donors that is prohibited. You benefit by not needing to recognize an IRA Charitable Distribution to charity as income.

*This document is for informational purposes only and does not serve as tax advice or legal opinion. For such advice and opinion, please consult your qualified legal and financial advisers.*

**LEARN MORE**

Contact Philanthropic Services at

[Philanthropy@CommunityFirstFoundation.org](mailto:Philanthropy@CommunityFirstFoundation.org)

or 720.898.5900.

5855 Wadsworth Bypass, Unit A  
Arvada, CO 80003  
[CommunityFirstFoundation.org](http://CommunityFirstFoundation.org)  
720.898.5900

**COMMUNITY FIRST**  
FOUNDATION  
Powering Community Together