

Special Opportunity for Those 70 ½ and Older



ACADEMIA
CRISTIANA *Cambiando*
de Palacaguina *Generaciones*



Palacaguina Christian Academy

Changing a Generation

Did you know, if you are 70 ½ years or older, the IRS allows direct **Qualified Charitable Distributions (QCD)** from IRAs? Additionally, once you turn 73, has rules for **Required Minimum Distributions (RMD)** from IRAs each year. There are stiff penalties for not taking the required minimum distribution and these distributions can cause adverse tax situations for the individual since they count as income. If you use all or part of your RMD directly as a QCD to a qualified charity like Arete Schools United, the amount transferred to Arete Schools United may not be considered taxable income. Therefore, many look for ways to take the required minimum distributions without impacting their taxes each year. Donating some or all of these RMD's to a qualified charity is a way to avoid the tax penalties of not taking an RMD while also avoiding the RMD being counted as taxable income. We have recently learned that Arete Schools United qualifies as a recipient for Direct Charitable Distributions from IRAs. So, if you or someone you know would be interested, please direct them to our website (URL-TBD) for more information and the request form.

QUALIFIED CHARITABLE DISTRIBUTION (QCD)

If you're 70½ or older, you can make a qualified charitable distribution (QCD) by transferring assets directly from your IRA to a qualified charity. A QCD can satisfy all or part of your RMD from your IRA, and you can exclude up to \$105,000 of QCDs from your taxable income per taxpayer in 2024, which can help lower your tax bill.

REQUIRED MINIMUM DISTRIBUTION (RMD)

Once you turn 73, you're generally required to start withdrawing from certain retirement accounts (such as your traditional IRA, 401(k) or similar employer-sponsored retirement plans) in what is known as a required minimum distribution (RMD). If you don't, you'll take a significant hit — the IRS penalty for not taking the RMD is 25% of the amount not taken by the deadline (though may be lower if corrected in a timely manner). The deadline to take your first RMD is usually April 1 of the year after you turn 73, and Dec. 31 each year after that.