**Qualified Charitable Distributions – A gift to a non-profit organization and possible tax savings for you.**

**The following is background information, not advice. Consult with your tax advisor/accountant for information applicable to your situation.**

**Assumptions:**

• You are interested in making a dollar amount donation to a non-profit organization of your choice (consider any non-profit organization of your choice, including, for example, the “Cal Poly Humboldt Emeritus Retired Faculty & Staff Fund (Junior Faculty and Staff Grant Program)” at the Humboldt Area Foundation, 363 Indianola Road, Bayside, CA 95524 that supports the future of Cal Poly Humboldt’s academic excellence through ERFSA’s Junior Faculty and Staff Grant Program.

• During your career you used individual retirement arrangements (IRAs) or tax-sheltered annuities (TSAs) to reduce your taxable income. If you are now age 73 or older, you now have to take an annual Required Minimum Distribution (RMD) dollar amount from your individual retirement arrangements (IRAs) or tax-sheltered annuities (TSAs). That distribution to you adds to your annual taxable income. Depending on your income and circumstances when paying your taxes, the tax rate for these distributions may be quite high.

There is a way to avoid this tax liability and enjoy a tax-free gift to a non-profit organization of your choice by designating your Required Minimum Distribution (or an even higher withdrawal amount) as a meaningful contribution to the non-profit organization. To make a Qualified Charitable Donation (QCD), contact the administrator of your IRA/TSA and request the appropriate form.

When the form is submitted and processed your donation will come out of your retirement account and directly to your designated non-profit. Since these funds do not come to you before being donated you do not have to pay income tax on the withdrawal amount.

Definitely consult first with your tax advisor/accountant to determine if this is a wise strategy for you.