

# What you need to know about qualified charitable distributions

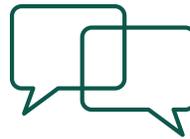
Qualified charitable distributions (QCDs) are a unique tax strategy that allow individuals who are at least age 70½ and have Traditional and/or Inherited IRAs to distribute up to \$100,000 per year directly from their IRA to a 501(c)(3) nonprofit with no federal income tax consequences. Gifts made to grant-making foundations, donor advised funds, or charitable gift annuities are excluded from these rules.



## Key considerations

- QCDs may satisfy all or part of your Required Minimum Distribution (RMD) or exceed it.
- If you are considering a QCD strategy, please know that if you have already taken your RMD, that amount cannot be rolled back into your IRA with the idea to then have the distribution made payable to a charity. This is because the IRS considers the first dollars out of your IRA as your RMD and you cannot rollover an RMD.
- QCDs are IRA distributions that would otherwise be taxable; therefore, Roth IRA distributions may or may not qualify.
- QCDs are not included in your Adjusted Gross Income (AGI), so using this strategy can lower your income and may possibly decrease the tax you pay on your Social Security income. This may also have a positive effect on your taxes with regard to deductions, exemptions, and tax credits. Check with your tax advisor to determine how lowering your AGI may benefit you.
- Although you cannot take a charitable deduction for a QCD, reducing your AGI may provide a better tax benefit. If you normally make donations to charities anyway, you may want to consider making those donations from your IRA.
- QCDs are generally not available from SEP or SIMPLE IRAs where contributions are still being made.

- Remember that the financial institution will need to make the check payable directly from your IRA to a qualifying charity to have this strategy work for you. You may want to mail the check to the charity yourself, instead of Wells Fargo Advisors mailing it, to ensure that the charity acknowledges the gift is from you.
- QCDs require no special reporting by your IRA custodian; you will receive an IRS form 1099-R for the distribution. Please provide this form to your tax advisor during tax preparation time. Any questions should be referred to your tax professional.



## Talk to Wells Fargo Advisors

At Wells Fargo Advisors, we know that many older investors will welcome this opportunity to make a difference in their communities.

We welcome the opportunity to work with you and your tax advisor to help create an IRA strategy designed to help you achieve your desired result. Contact your Financial Advisor for help in taking advantage of a QCD to benefit your favorite charity.

## With you every step of the way

Everyone has a different vision of retirement that requires a unique financial strategy. Wells Fargo Advisors can support you in your retirement planning process by providing the guidance needed to make informed choices. We will meet with you and help create a comprehensive plan that takes into account your complete financial picture. Your Financial Advisor will be with you every step of the way to monitor your progress and adapt your plan as needed. Working together, we'll design and implement a retirement plan that will help you live out your unique vision of retirement.

### INVESTMENTS AND INSURANCE PRODUCTS:

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