

Giving From Retirement Accounts and Appreciated Assets

A Guide for Friends of Madera Church

There are several ways to support Madera Church besides giving cash. Some people give directly from a retirement account or donate investments and other property that have increased in value.

This guide explains some common options in plain language. It is for general information only, not tax, legal, or financial advice. Tax rules and personal circumstances vary, so please speak with your tax advisor, financial planner, attorney, or retirement-account provider before making a gift.

Giving From an IRA: Qualified Charitable Distributions

A Qualified Charitable Distribution, often called a QCD, is a gift sent directly from an IRA to a qualified charity such as Madera Church. The money must generally go from the IRA provider directly to the church. It should not be paid to you first. ([IRS](#))

Who May Be Eligible?

A QCD may be available if you are at least 70½ years old when the gift is made and you have an eligible IRA.

Eligible accounts generally include:

- Traditional IRAs
- Inherited IRAs
- SEP IRAs that are inactive and receive no employer contributions during the year
- SIMPLE IRAs that are inactive and receive no employer contributions during the year

QCDs generally cannot be made directly from:

- 401(k) plans
- 403(b) plans
- 457(b) plans

- Defined-benefit plans
- Other employer-sponsored retirement plans

In some cases, you may be able to move money from an employer retirement plan into an IRA and then make a QCD. This can involve tax, timing, investment, and paperwork issues. Discuss it with your plan administrator and professional advisors before taking action. ([IRS](#))

Annual Limit

The QCD limit is \$100,000 per person per year. Beginning in 2024, this limit is adjusted for inflation and may increase in future years.

Each spouse may be able to make a separate QCD from an eligible IRA, as long as each person meets the requirements.

The limit applies to all QCDs you make during the tax year, not to each IRA separately. A gift treated as a QCD generally cannot also be claimed as a charitable deduction on your tax return.

Required Minimum Distributions

A required minimum distribution, or RMD, is money that some people must withdraw from retirement accounts each year after reaching a certain age. A QCD may count toward or exceed your RMD for the year if it meets all the requirements and is completed during that tax year.

The rules depend on factors such as your age, the type of account, and whether the account was inherited. Your tax advisor or IRA provider can help determine whether you have an RMD and whether a QCD will satisfy part or all of it.

Possible Benefits

Depending on your situation, a QCD may:

- Keep the eligible gift out of your federal taxable income.
- Count toward your RMD, when applicable.
- Allow you to give to charity even if you do not itemize deductions.
- Reduce the amount of your IRA distribution included in your income.
- Provide a simple way to give from retirement savings.

Important Requirements

- The money generally must be sent directly from the IRA provider to Madera Church.
- A payment made to you first and then donated generally does not qualify as a QCD.
- The recipient must be an eligible charity.
- QCDs generally cannot be made to donor-advised funds, supporting organizations, or private foundations.
- A QCD generally cannot be used to fund a charitable gift annuity or another arrangement that provides benefits back to the donor.
- The amount treated as a QCD generally cannot also be claimed as an itemized charitable deduction.
- You are responsible for reporting the gift correctly on your tax return.
- The tax form from your IRA provider may not clearly identify the payment as a QCD.
- Annual limits and other account rules apply.

If you would like to make a QCD to Madera Church, ask your IRA provider to make the check payable to Madera Church and send it directly to the church at the address we provide. Keep copies of the transfer records and request a written acknowledgment from the church for your files.

Please confirm the current rules and annual limit with your tax advisor and IRA provider before making a gift.

What About 401(k) and Other Employer Retirement Plans?

A QCD generally cannot be made directly from a 401(k), 403(b), 457(b), defined-benefit plan, or another employer-sponsored retirement plan.

Some people may be able to move money from one of these plans into an IRA and then make a QCD. However, doing so may create tax, timing, investment, or administrative issues.

Do not take a retirement distribution or begin a rollover just to make a charitable gift without first speaking with your plan administrator, tax advisor, and financial planner.

Giving Through a Donor-Advised Fund (DAF)

A donor-advised fund (DAF) is a charitable giving account established through a sponsoring organization (usually a brokerage such as Fidelity or Schwab). You may contribute cash, stocks, or other eligible assets to the 501.c.3 fund and generally receive a tax deduction and other benefits when you contribute, subject to applicable rules. You can then recommend grants from the fund to qualified charities such as Madera Church over time.

A DAF can be a convenient way for those who are not yet 70 ½ and do not qualify for QCDs to organize charitable giving and support the church through planned grants. Contact your DAF sponsor and tax advisor to understand the rules and tax implications. Please ensure that grant recommendations follow the sponsor's procedures and that the grant is designated for Madera Church. There are usually fees associated with using a DAF.

Giving Through a Living Trust or Estate Plan

You can include Madera Church in your estate plan through a living trust, will, or other planned gift. This allows you to designate a gift to the church as part of your long-term financial and charitable planning. Depending on how the gift is structured, it may support Madera Church's future ministry while reflecting your personal wishes and values.

Please consult your estate-planning attorney and financial or tax advisor to ensure your plans reflect your intentions and are properly documented. If you wish to designate Madera Church as a beneficiary, please contact the church for the appropriate legal name and any other information your advisor may need.

Donating Stocks and Mutual Funds

Some donors give stocks, mutual funds, exchange-traded funds, or other investments that have increased in value.

Giving these investments directly, instead of selling them first, may allow you to:

- Avoid capital gains tax that might result from selling them.
- Claim a charitable deduction when permitted by law.
- Make a larger gift than you might be able to make with cash alone. ([IRS](#))

The tax results depend on your circumstances. Transfer instructions also vary by brokerage firm, so please contact Madera Church before starting a securities transfer.

Donating Bonds and Other Investments

Some bonds and other investments may also be given directly to a qualified charity.

The process and tax treatment depend on the type of investment. Your financial advisor can help you decide whether giving the investment directly or selling it first may be more appropriate.

Please contact Madera Church before transferring any investment.

Donating Real Estate

Some donors give property such as:

- Homes
- Rental properties
- Vacation homes
- Vacant land
- Commercial property

Real estate that has increased in value may be a meaningful way to support the church. However, real-estate gifts usually require additional review, paperwork, legal work, and sometimes environmental inspections. ([IRS](#))

Please contact Madera Church before making plans to transfer property. The church must review and approve the gift before accepting it.

Donating Vehicles

Vehicles that may be donated include:

- Cars
- Trucks
- Motorcycles
- Recreational vehicles
- Boats

Vehicle gifts may require special IRS forms and valuation rules. The tax treatment may depend on whether the church uses the vehicle or sells it. ([IRS](#))

Please contact Madera Church before transferring ownership of a vehicle.

Donating Collections and Personal Property

Some donors may wish to give valuable personal items, including:

- Jewelry
- Coins
- Stamps
- Artwork
- Antiques
- Firearms collections
- Sporting equipment or collections
- Musical instruments
- Other collectibles

These gifts may require an appraisal, which is a professional estimate of an item's value. Larger gifts may also require additional IRS forms and documentation if you plan to claim a tax deduction. ([IRS](#))

Because the church may not be able to accept every type of property, please contact Madera Church before transferring ownership of any collectible or specialty item.

Appraisals and Documentation

Some non-cash gifts require more paperwork than cash gifts. Depending on the type and value of the property, you may need:

- A written acknowledgment from the church
- A qualified appraisal
- IRS forms
- Records showing how the property was valued and transferred

The requirements depend on the type and value of the gift. ([IRS](#))

Your tax advisor can explain what documentation you need.

Planning Ahead

Larger gifts often require time and careful planning. As you consider supporting Madera Church, you may want to speak with:

- Your tax advisor
- Your financial planner
- An estate-planning attorney
- Your retirement-account provider
- Your family

These professionals can help you understand the tax, financial, and estate-planning effects of your gift.

Contact Madera Church

If you are considering giving retirement funds, stocks, bonds, real estate, a vehicle, collectibles, or another non-cash asset, we would be glad to talk with you.

Please contact Madera Church before beginning a transfer. We can discuss the available options and help determine whether the church can accept the gift.

Important Disclaimer: This guide is for general educational purposes only. It is not legal, tax, financial, or investment advice. Tax laws change, and every donor's situation is different. Please consult qualified professional advisors before making a charitable gift.