

ASK KIM (/FRONTS/ARCHIVE/COLUMN/INDEX.HTML?COLUMN\_ID=1)

## Donate Your RMD Tax-Free to Charity in 2016

A donation counts as your required minimum distribution, but doesn't increase your adjusted gross income.



Thinkstock



By KIMBERLY LANKFORD (/FRONTS/ARCHIVE/BIOS/INDEX.HTML?BYLINEID=10), Contributing Editor   
([HTTPS://TWITTER.COM/INTENT/FOLLOW?SCREEN\\_NAME=@KIPLINGER](https://twitter.com/intent/follow?screen_name=@KIPLINGER))  
May 13, 2016

*I'm 72, and I'd like to donate money from my IRA to charity to support my favorite cause and also so I don't have to pay as much in taxes on my required minimum distribution. Can I make the donation now, and what steps do I need to take?*


**SEE ALSO:**

**8 Things You Must Know About RMDs from IRAs (</slideshow/retirement/T045-S001-8-things-boomers-must-know-about-rmds-from-iras/index.html>)**

In the past, Congress generally waited until December every year to extend the law that allows people to make a tax-free donation of up to \$100,000 from their IRA, leaving some to scramble to make the contribution before the RMD deadline. But Congress made the law permanent last year, so if you're 70½ or older, you can transfer your 2016 RMD to charity at any time. The donation counts as your required minimum distribution but doesn't increase your adjusted gross income, which can be particularly helpful if you don't itemize and can't deduct charitable contributions. Also, keeping some or all of your RMD out of your adjusted gross income could help you avoid the **Medicare high-income surcharge** (</article/retirement/T039-C001-S003-medicare-part-b-premiums-in-2016.html>) or help make less of your Social Security benefits taxable (</article/retirement/T037-C000-S001-plan-to-pay-taxes-on-social-security.html>).

The money needs to be transferred directly from the IRA to the charity in order to be tax-free. If you withdraw it from the IRA first and then give it to the charity, you can deduct the gift as a charitable contribution (if you itemize), but the withdrawal will be included in your adjusted gross income.

ADVERTISEMENT

|   |   |  |   |
|---|---|--|---|
|  | <p><b>That's the<br/>American Funds<br/>Advantage</b><br/>Make it yours</p> | <p>Put our proprietary<br/>process to work<br/>for you →</p> |  <p><b>AMERICAN<br/>FUNDS®</b><br/><small>From Capital Group</small></p> |
|---|---|--|---|

Because the law is now permanent, IRA administrators are starting to simplify the process. Fidelity, for example, plans to introduce a new form in the next few weeks that makes it easy to transfer the money and make your wishes clear to the charity. You may also have the option of signing up for check-writing privileges from your IRA so that you can write the check directly from your account to the charity. That way, the charity will see who the contribution is from, and you can include specific directions as to which fund within the charity you'd like to support. Otherwise, the IRA administrator will cut a check and send it directly to the charity, but the charity won't necessarily be given clear information about whose account it is from or what the money is meant to support, says Jane Wilton, general counsel for the New York Community Trust.

If your IRA administrator doesn't offer check writing and instead transfers the money directly to the charity, Wilton recommends calling the charity in advance and giving them a heads up that it will be getting a check from your IRA. In addition to knowing who the donation is from, the charity can get your contact information to send you an acknowledgement for your tax records, and you can give the charity special instructions about which fund or program you're supporting. (Keep in mind that you can make the tax-free transfer from the IRA to a charity but not to a donor-advised fund.)

---

SEE ALSO:

**9 IRS Audit Red Flags for Retirees (/slideshow/retirement/T056-S011-irs-audit-red-flags-for-retirees/index.html)**

---

**Got a question? Ask Kim at [askkim@kiplinger.com](mailto:askkim@kiplinger.com) (mailto:askkim@kiplinger.com).**

SHOW COMMENTS