



## MAKING A GIFT FROM YOUR IRA TO ROCKPORT MUSIC

Using your Individual Retirement Account (IRA) to make a gift to Rockport Music is simple and tax efficient. Provided it meets the requirements for treatment as a “Qualified Charitable Distribution” (QCD –see immediately below), a gift from your IRA to Rockport Music can be excluded from your income for Federal income tax purposes and can also be counted toward satisfying any Required Minimum Distribution (RMD) requirement that may apply for the year of the transfer. This exclusion is available regardless of whether you are eligible to itemize deductions.

### HERE’S HOW IT WORKS:

In order to be treated as a “Qualified Charitable Distribution” (QCD), here are the requirements:

- Your IRA custodian or trustee must transfer the donation directly from your IRA to a public charity, such as Rockport Music (instead of sending it to you).
- You must be at least 70 ½ when the transfer is made.
- You need to obtain the same type of acknowledgment from the charity of your IRA gift that you would have needed if you had made the donation directly, including the confirmation that no goods or services were received in exchange for the gift.
- The maximum annual amount that can be transferred from all of your IRAs to one or more charities in any year that can qualify as a QCD is \$100,000. Each spouse gets a separate \$100,000 limit if he or she has a separate IRA.
- The IRA custodian or trustee will **not** be separately reporting the QCD. This is because the IRS Form 1099-R that your custodian sends is required to show the total distributions made for a particular year -- there is no code or box on the IRS Form 1099-R to identify the QCD. You or your tax return preparer needs to let the IRS know about your QCDs by including certain information on your tax return, basically indicating the total amount that has been excluded by identifying it as QCD.
- The most significant benefit of a QCD is realized at the federal level where QCDs are not counted as part of adjusted gross income or taxable income. However, each state operates independently and taxes income differently. Not all states conform to federal law with respect to QCDs. Be sure to consult your tax advisor to determine the proper tax treatment of your QCDs for state tax purposes.
- Since the amount of the QCD is excluded from your income for Federal income tax purposes, you may not claim any part of the QCD as an itemized charitable deduction.

### OTHER INFORMATION YOU MAY NEED:

- **Rockport Music’s legal name: Rockport Music, Inc. Our Tax ID number: 22-2479696.**
- Other retirement plans such as 401Ks and 403Bs, and SEPs to which employer contributions are still being made, cannot be used to make a Qualified Charitable Distribution.
- Effective January 1, 2020, Congress passed the SECURE Act, raising the age from 70 ½ to 72 when one must start taking a Required Minimum Distribution (RMD). However, you are still eligible to make a QCD from your IRA when you have reached age 70 ½.