



Are you curious about the latest information concerning Required Minimum Distributions? Here are some answers to frequently asked questions to help you learn more:*

What are Required Minimum Distributions?

Required Minimum Distributions (RMDs) are the minimum amounts you must withdraw from your retirement accounts each year. You generally must start taking withdrawals from your traditional IRA, SEP IRA, SIMPLE IRA, and retirement plan accounts when you reach age 73.

Please note: if you turned 72 before December 31, 2022, you should consult your tax advisor for your best options.

What types of retirement plans require minimum distributions?

The RMD rules apply to all employer sponsored retirement plans, including profit-sharing plans, 401(k) plans, 403(b) plans, and 457(b) plans. The RMD rules also apply to traditional IRAs and IRA-based plans such as SEPs, SARSEPs, and SIMPLE IRAs. The RMD rules do not apply to Roth IRAs while the owner is alive; however, RMD rules apply to the beneficiaries of Roth 401(k) accounts.

What is a Qualified Charitable Distribution?

A qualified charitable distribution (QCD) is an otherwise taxable distribution from an IRA owned by an individual, age 70½ or over, that is paid directly from the IRA to a qualified charity. Thus, the charitable IRA Rollover is a special provision allowing donors of age 70½ and above to make a QCD – a transfer of IRA assets directly to public charities like the Jewish Community Foundation – thereby excluding that amount from taxable income and counting toward their RMD.

What are the advantages of a QCD?

Making a QCD sends your dollars directly to the charity of your choice – it is excluded from your taxable income. If you take an IRA distribution, even if you give that money to a charitable organization in the future, that distribution counts as income and could push you into a higher tax bracket or have other implications for tax credits and social security. A QCD may allow you to fulfill your charitable goals in a tax-advantaged way.

A QCD may also provide additional benefits for long-term financial or estate planning; please consult your tax advisor to learn more about these opportunities.

Are there any limitations to making QCDs to the Jewish Community Foundation?

QCDs can't be made to Donor Advised Funds per IRS regulations, but they can be made to Designated, Community Action (Unrestricted) and Scholarship Funds.

Amounts distributed as a QCD can be counted toward satisfying your RMD for the year, up to \$100,000.

To learn how you can turn your IRA into charitable dollars to benefit our community, please contact Kathryn Gonnerman at 413-475-0415 or kgonnerman@jcfhartford.org.

*This information should not be construed as legal, financial or tax advice.