

FreeWill + Paul Smith's College

QCD Talking Points

Qualified Charitable Distributions

- **If you are 70.5 or older with a traditional IRA, you're eligible for one of the most tax-savvy ways to support the Paul Smith's College: donating directly from your IRA.** This is also called a qualified charitable distribution, or QCD, or an IRA Rollover:
 - QCDs can only be taken out of an IRA. 401ks do not qualify and are subject to regular taxes.
 - Gifts are always tax-free, regardless of whether or not the person itemizes on their return. This is one of the only ways to make a donation without dipping into your taxable income.
 - You can give up to \$100,000 out of your IRA tax-free.
- **Just like donating via cash or check, giving from your IRA is an immediate and impactful way to support Paul Smith's College—** but unlike a cash gift, it helps you save on your taxes in the process.
- **Now is the perfect time to make this kind of donation.** Gifts from an IRA need to be processed by the Paul Smith's College before December 31st, so making your gift today ensures that it will count for your 2021 taxes.
- **Donating through your IRA doesn't have to be complicated or stressful, and our online platform makes it painless and fast.** You will be guided through the donation process in under 10 minutes, no sensitive information required. Your paperwork will even be auto-completed online.
- **Visit FreeWill.com/QCD/PaulSmithsCollege to give or learn more about IRA giving today.**

Required Minimum Distributions

- Each year, you are normally required to remove a minimum amount for your IRA in a required minimum distribution, or RMD.

- In 2020, RMDs were waived as a result of The CARES Act. In 2021, this means for some, RMDs may be higher than before.
- Many people remove more than this minimum amount from their IRA, and in the past, generous donors have turned their RMD directly into an IRA donation, taking it as a philanthropic opportunity to donate to Paul Smith's College.

Frequently Asked Questions

What is a Required Minimum Distribution and do I need to take one?

Required Minimum Distributions (RMDs) are the amount of money IRA account holders have to remove from their IRA each year. If you do not take these funds out of your account, you will be taxed heavily on the amount remaining in your account. If you do take the funds out of your account, they will be subject to regular state and federal income taxes. If you were born between June 30th, 1949, OR are 72 years old, you must take the RMD.

When am I eligible to make a QCD?

You must be 70.5 or older to make a Qualified Charitable Distribution.

Is it still beneficial to make a QCD before I need to take my RMD?

Yes! By making a QCD before you need to take an RMD, you can potentially lower your RMD in the future. Plus, these gifts are always tax-free, even if you don't need to take the RMD.

How will last year's CARES Act impact my IRA this year?

In 2020, the Required Minimum Distribution (RMD) was waived as a result of the volatile stock market at the beginning of the coronavirus pandemic. On January 1st, 2021, the RMD was reinstated. However, if you did not remove any funds from your IRA, your RMD is likely larger than it was in 2019.