

# CHOICE & VOICE



➤ **Giving From Your IRA**

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# The Advantages of Giving From Your IRA

## Making Charitable Gifts Directly From Your RMD

Current tax law allows you to donate to your favorite charities, such as Consumer Reports, directly from your individual retirement account. Giving in this way benefits you and CR.

Here's how: When you turn 70½, you have to take a required minimum distribution (RMD) from your IRA. The withdrawal is counted as taxable income, which may increase your tax bill. If you make a charitable contribution directly from your IRA to Consumer Reports, you benefit by reducing your income that is taxed.

This kind of giving is called a qualified charitable distribution (QCD). You can make a charitable contribution of up to \$100,000 from any IRA account, and the amount will be excluded from gross income.

You have flexibility to decide how much of your RMD you would like to retain and how much you would like to contribute. For example, if your required

distribution is \$50,000 and you decide to give \$20,000 to Consumer Reports, then you would retain \$30,000. The amount you receive would be taxed as part of your income, while the gift would not.

You can think of your IRA as a kind of "charitable checkbook," if you want to fulfill your annual giving to CR and other organizations. QCDs can also be used to satisfy a prior charitable pledge you may have made.

The 2018 Tax Cuts and Jobs Act has raised the standard deduction amount significantly, which can make giving through your RMD make even more sense (see the case study on the last page for more information).

### **You'll also need to know:**

- Your gift must be made to a qualified charitable organization. CR is designated by the IRS as a qualified charitable organization.



Giving from your IRA  
is a smart way to  
achieve your charitable  
goals and receive  
income tax benefits.

- The distribution must be made directly from the IRA trustee to Consumer Reports—you don't write the check. For example, Vanguard or Charles Schwab would coordinate and send the check on your behalf. All IRA trustees are familiar with the process and will be happy to assist you.
- You can contribute more than your RMD as long as you do not exceed \$100,000 in a calendar year.
- Finally, your gift must (and will) be acknowledged by Consumer Reports. You'll need this documentation for tax purposes.

To make a gift from your IRA to Consumer Reports with a qualified charitable distribution, just follow these simple steps:

1. Consider how your required distribution will impact your finances and taxes overall.
2. Contact your IRA trustee to find out more about its process for arranging qualified charitable distributions.
3. Then notify the trustee that you want to make a qualified charitable distribution, and fill out the required paperwork from the trustee.
4. Contact CR at 877-275-3425 when you have directed the gift. When we receive it, we will notify you and provide the required receipt.

## Are all retirement accounts eligible?



You can make qualified charitable donations from the following IRAs: Traditional, Rollover, Inherited, SEP (inactive plans only), and SIMPLE (inactive plans only). You cannot make donations during your lifetime directly from 401(k), 403(b), or Keogh plans.

We advise speaking to a professional about the best option for your situation.

**If your IRA trustee requires written instructions from you, please feel free to use the following template:**

*[Name and Address of Your Financial Institution]*

To Whom It May Concern:

Please make a direct charitable distribution of \$[dollar amount] from my IRA account number [insert your account number] made payable to Consumer Reports, Inc., Tax ID 13-1776434. This gift is made free of tax as provided by current tax legislation.

**The check should be mailed to the attention of:**

Consumer Reports, Inc.  
Planned Giving, Shannon Miller  
101 Truman Ave.  
Yonkers, NY 10703

It is my intention to have this transfer qualify for the current tax year. Therefore, this distribution must be postmarked no later than Dec. 31, [insert current year]. Please list my name and address as the donor for the transfer, and please send me a copy of the correspondence with Consumer Reports.

If you need additional information from Consumer Reports, please contact Amanda Das, Associate Director of Planned & Major Gifts, at [amanda.das@consumer.org](mailto:amanda.das@consumer.org) or 202-719-5904. If you have questions for me, please contact me at [insert your phone number].

Sincerely,  
[Your Name]  
Address  
City, State, Zip]



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## A Case Study

# NEW Tax Advantages for Giving From Your IRA

Jane Donor is 73 years old and has supported several nonprofit organizations and charities with annual gifts over many years. In past years, she has itemized deductions on her federal tax return. Therefore, her charitable gifts are excluded from her income.

However, the 2018 Tax Cuts & Jobs Act raised the amount of the standard deduction by a significant amount—and Jane now will pay less in taxes if she takes the standard deduction. But because she's not itemizing, Jane will no longer be able to claim a deduction for her charitable giving.

**Question:** What can she do to continue to support nonprofits like Consumer Reports but not lose out on tax advantages?

**Answer:** Under the new tax law, Jane can still make her charitable donations and receive significant

income tax relief by giving through her IRA. The tax benefits may even be greater than the ones she received by itemizing her charitable donations!

Giving from your IRA is a smart way to achieve your charitable goals, strengthen the nonprofits you care about most, receive income tax benefits, and allow for the changes that not itemizing may bring. A win-win all around.



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**If you have questions** or would like to make a gift from your IRA to Consumer Reports, Amanda Das of our Gift Planning staff would be happy to assist you. You may also want to ask her about receiving additional charitable and planning materials, including *Planning Your Charitable Legacy*, *A Planner to Help Organize Your Estate Plan*, *Alternative Ways of Giving*, *Tuning Up Your Estate Plan*, and *Charitable Gift Annuities: Secure Income in Your Retirement Years*.



Please note the information provided here is presented solely as general educational material. It is not intended as tax or legal advice. When making a charitable giving plan or estate plan, you should consult your accountant, attorney, or other trusted planning professional.

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Consumer Reports, Inc., is a registered 501(c)(3) nonprofit organization. Our Tax ID is: 13-1776434  
101 Truman Avenue, Yonkers, NY 10703 | [ConsumerReports.org](https://www.ConsumerReports.org)

Mail Preference Services: Go to [CR.org/fundraising](https://www.CR.org/fundraising) if you wish to modify receipt of future mail offers from us.

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