

Making a Donation with an RMD

This information is provided to assist in making donations from a qualified required minimum distribution. It is not intended to constitute a full review of any subject matter, nor is it a substitute for obtaining financial or legal advice from an accountant or financial advisor, or an attorney. Note that laws and IRS regulations are subject to change.

You cannot keep money in your certain retirement plan(s) and IRA(s) indefinitely. Once you reach retirement and are 72 years old, you will need to withdraw money from these funds annually. This is a great opportunity to begin or grow your giving. This brief overview will explain Required Minimum Distributions and how to donate yours to the Washington Ethical Society.

What Are Required Minimum Distributions?

The [Required Minimum Distribution \(RMD\)](#) is the smallest amount account holders must withdraw from certain retirement plan(s) and IRA(s) each year once they reach retirement. If you fail to meet your RMD, the amount not withdrawn will be [taxed at 50%](#).

Who Is Affected By the RMD Rule?

The RMD rules apply to [all employer-sponsored retirement plans](#) (including profit-sharing plans, 401(k) plans, 403(b) plans, and 457(b) plans). Roth 401(k) accounts are exempt from the RMD rules as long as the owner is alive.

If you are the account owner of one of these types of accounts and will turn [72 years old](#) this year or have already turned 72, you have an RMD. (See exemptions for [pre-1987 contributions to a 403\(b\) plan](#).)

If you inherited this type of plan after the death of the plan holder, the balance of the account must be distributed within ten years, except under certain circumstances. ([Exceptions](#) include a surviving spouse, a child who has not reached the age of majority, a disabled or chronically ill person, or a person not more than ten years younger than the employee or IRA account owner.)

Why Should I Donate My RMD?

If you have an RMD on your own account or an inherited account and you do not need the funds, donating to WES is a great option. Your required withdrawal will be included

in your taxable income and [cannot](#) be rolled into other tax-deferred accounts. However, donating your RMD is a [qualified charitable distribution](#) (QCD) and will not be taxed up to [\\$100,000](#). Tax benefits aside, earmarking this income for WES support the WES community and its activities.

How Do I Donate My RMD?

1. Calculate your RMD. Use these [RMD worksheets](#) to find out what your minimum is this year.
2. Plan your withdrawal. Decide which account(s) to make withdrawals from, and how much of that withdrawal you plan to give. You may have an RMD total and certain accounts with individual RMDs; [learn more](#).
3. Arrange your donation(s) to be made to the Washington Ethical Society.
4. Give your gift(s). Up to \$100,000 of your distribution from certain retirement plan(s) and IRA(s) (including but not limited to your RMD) is a QCD. Make your donation by December 31 to qualify this year.
5. When you file your taxes for the year, include your donation on the [relevant](#) tax document (Form [1099-R](#), Form [1040](#), or Form [8606](#)).
6. Look ahead to next year. Once you meet the criteria for an RMD, you will have one each year until the account is depleted, barring significant policy changes. This is a good time to start planning how you will distribute next year's withdrawal. Be aware that changes to the tax code could shift your RMD and related processes year to year.