

A Potential Tax Break for Seniors Making Donations to Charities

if you have an IRA or a Rollover IRA and your age is 72 or older as of December 31, 201, IRS rules require you to take required minimum distributions (RMDs) by April 1, 2022 from all your tax-deferred retirement accounts. A useful reference is the section titled “When Must You Withdraw IRA Assets? (Required Minimum Distributions)” in the IRS [Publication 17](#).

All or a portion of your RMDs can be used as donations to charities. Such gifts are called *Qualified Charitable Donations* (QCDs). (If one turned 70½ before January 1, 2022, one can use QCD, but does not need to take an RMD until the year one turns 72 .) The dollar value of each QCD is deducted from your taxable income before taxes are calculated—so it reduces your taxable income! For each QCD, you must have the financial institution that holds your IRA send the check directly to the charity. For details on how to do this, contact a representative of that financial institution.

If you itemize your deductions, you cannot make a deduction for donations made using a QCD—that would be getting a donation twice. However, it will probably reduce your taxes if you use QCDs rather than taking deductions directly.

The *Coronavirus Aid, Relief, and Economic Security* (CARES) Act, enacted on March 27, 2020, relieved some of the financial consequences of the COVID-19 outbreak. Among other things, it suspended the RMDs from tax-deferred retirement accounts. But this was only for calendar-year 2020, so for 2021 that requirement is as it was for 2019.

A good source for further information is [Qualified Charitable Distributions \(QCDs\)](#).

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