

Save Taxes on Your Donation

If you are like me deducting your charity contributions from your taxes is no longer an advantage since the Standard Deduction as of 2025 is \$34,700 for those marriage and over 65 years of age. Here is a strategy that my wife and I have been using since I reached the age of 70.5 years. This strategy will work even if you do not Itemize Deductions.

If you have a Traditional IRA, you can make donations directly to a charity and the donation is **not** taxable. Why does this reduce the taxes you have to pay even if you do not Itemize Deductions? It is because the donation from your IRA is not added to your Adjusted Gross Income (AGI). Therefore it is not taxed.

Here are the key requirements:

- Donation must be made from your Traditional IRA, or similar retirement accounts, see details [HERE](#). (Remember that you never paid any income tax on the funds in a Traditional IRA until you withdraw the funds.)
- The Donation must be made to a qualified charity (such as the **Serra Club of Kansas City in Kansas**) as a direct transfer from your IRA custodian payable to the qualified charity. (In the past Serrans have made donations directly from their IRA custodian.)
- The qualified charity will send you an acknowledgement thanking you for the donation. Keep this with your tax records.
- A maximum of \$108,000 can be donated in 2025 and \$111,000 in 2026.
- All other rules for Individual Retirement Accounts (IRA), required minimum distributions (RMD) and qualified charitable distribution (QCD) must be followed, so check with your tax advisor.

Here is a paragraph I lifted from the Fidelity website.

Consider contributing RMDs to charity

If you are age 70½ or older and your itemized deductions add up to less than the standard deduction, you may effectively lose the deduction for charitable contributions. But there is another way to support your favorite charities and still get a tax break.

Consider a qualified charitable distribution (QCD). It's a direct transfer of funds from your IRA custodian and payable to a qualified charity, which counts toward your required minimum distribution (RMD) for the year, up to \$108,000.

Making a QCD comes with tax advantages. QCDs are not included in gross income and do not require itemization to be effective. But, the rules are complex, so be sure to consult your tax advisor.

See this Fidelity article for more details:

<https://www.fidelity.com/learning-center/personal-finance/retirement/qcds-the-basics>

This is a strategy I have used to save on Income taxes in the past and it is even more important now that I will be taking the Standard Deduction for tax years 2025 and beyond. Talk to me if you have a question.

Gene Schreiner