

## **2019 Tax Planning – Qualified Charitable Distribution**

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With the changes in the tax laws last year that raised the Standard Deduction, \$12,200 (single taxpayers and married filing separately), \$18,350 (head of household), and \$24,400 (joint returns and surviving spouses), it may be more beneficial to reduce taxable income with a portion of your RMD (Required Minimum Distribution). A Qualified Charitable Distribution (QCD) is a contribution from an IRA or 401(k) Rollover account directly to a charity. By making the contribution with a portion of your RMD, you reduce taxable income while still meeting the required distribution. There may be several good reasons to reduce taxable income such as your monthly Medicare contribution.

The alternative strategy is bunching deductions in alternative years. Where an individual's total itemized deductions will come close to, but not exceed, the standard deduction for 2019 and/or 2020, one strategy to consider is bunching certain itemized deductions such as charitable contributions into alternate tax years.

It may be helpful to consult with your tax advisor prior to year end to determine which strategy may be most beneficial for you. Note that many financial institutions require requests for a Qualified Charitable Distribution be made prior to the end of November as volume of requests received at year end are often overwhelming.