



Qualified Charitable Contribution from Your IRA

The IRA Charitable Rollover (also known as a Qualified Charitable Distribution/QCD) is an excellent way to support the Wilmington Railroad Museum and receive tax benefits in return. As you plan your required minimum distributions for the year, consider using your IRA account to make the most of your charitable giving.

Benefits of the IRA Charitable Rollover:

- The IRA Charitable Rollover permits you to make donations to charitable organizations such as the Wilmington Railroad Museum from your IRA without counting the distribution as part of your adjusted gross income (AGI) and, consequently, without paying taxes on it.
- You won't recognize the distribution as income for federal tax purposes.
- The distribution would count toward your required minimum distribution (RMD) for the year.

To Qualify:

- You must be at least 70 1/2 years old and required to make an annual distribution from your IRA.
- Your total combined IRA Charitable Rollover donation cannot exceed \$100,000 in any one year.
- Charitable contributions from an IRA must go directly to a public charity that is not a supporting organization. Contributions to donor-advised funds and private foundations, except in narrow circumstances, do not qualify for tax-free IRA rollover donations.

- Distributions can only be made from traditional IRAs or Roth IRAs. Charitable donations from 403(b) plans, 401(k) plans, pension plans, and other retirement plans are ineligible for the tax-free treatment.
- You cannot receive any goods or services in return for your IRA Charitable Rollover donation in order to qualify for the tax-free treatment.
- You must receive an acknowledgement from the Wilmington Railroad Museum or other charity donated to for each rollover contribution with the specific language required by the IRS included, stipulating your intentions.

Option 1:

Contact your IRA custodian and request a direct transfer to:

Wilmington Railroad Museum Foundation Inc.

505 Nutt St.

Wilmington, NC 28401

Our tax ID number is: 56-1537564

Do not withdraw the funds and make a contribution yourself, or you will have to report the withdrawal as taxable income. If you are requesting the transfer at the end of the tax year, allow enough time for the transfer to complete by December 31.

Option 2:

Send a gift directly to the Wilmington Railroad Museum using your IRA checkbook. Allow extra time for the gift to clear in order to take a tax deduction in the current calendar year.

FREQUENTLY ASKED QUESTIONS

What is the minimum age for making a Charitable IRA Rollover donation?

You must turn 70-1/2 prior to completing the distribution.

If I make a Charitable IRA Rollover donation, does it affect my required minimum distribution (RMD)?

The amount distributed to the Wilmington Railroad Museum will be deducted from your RMD.

I have heard about “Qualified Charitable Distributions” (QCD). Is this the same thing as a Charitable IRA Rollover?

Yes. A QCD is the language used in the tax code, but they are more often referred to as Charitable IRA Rollovers.

Is there a tax deduction for making a Charitable IRA Rollover?

IRA rollover gifts are not deductible – but the money is never included in your income in the first place, which for many people is more favorable than a deduction.

I have a Roth IRA. Can I use it for a Charitable IRA Rollover?

Roth IRAs are eligible for rollover treatment; however, you may wish to discuss with your financial advisor whether this is the best way for you to give.

I don't have an IRA. Can I make a Charitable IRA Rollover from another type of retirement account?

No, transfers must come directly from an IRA or Roth IRA. However, if you have retirement assets in a 401(k), 403(b), etc., you may be able to roll those funds into an IRA, then use the IRA for giving. Please discuss this with your financial advisor.

What is the minimum gift amount? Is there a maximum gift amount?

The minimum gift size depends on the policies of your IRA custodian. The maximum distribution permitted by the IRS is \$100,000, per account holder (i.e., per spouse), per year.

Are there any restrictions on the Charitable IRA Rollover?

A rollover cannot be used to make gifts when the donor receives a benefit in return (i.e., to attend a dinner).

How do I initiate a Charitable IRA Rollover?

In most cases, you should start by contacting your IRA custodian. If you have an IRA with check-writing features, please be aware that your check must clear your account **by December 31** to count toward your RMD for the calendar year.

When should I initiate a request for a distribution?

You may request a distribution at any time during the year. If you intend that your distribution count toward your RMD, please begin your transfer by early December to allow ample time for your transfer to be completed.

Are there special forms that I need to use?

Your IRA custodian may have its own form to request the transfer; if not, we have a sample instruction letter for your custodian available. Please contact our office to request a copy.

What type of acknowledgement should I expect?

We will send you a written acknowledgement of your gift to thank you and to confirm the amount of your gift and its intended purpose. Because there is no income tax deduction, you will not receive a conventional receipt.

How do I know if a Charitable IRA Rollover is right for me?

If you are over age 70-1/2 and have an IRA, the rollover might be right for you if:

- You do not itemize deductions
- You don't need your required minimum distribution (RMD)
- Your RMD causes more of your Social Security income to be taxed

- You are making charitable contributions at your deduction limit, but would like to do more

I have more questions. Whom should I contact?

Contact the Leadership Team at 910 763 2634, or holli@wrrm.org with your name, the exact amount of your gift, and the name of your IRA custodian so we can provide you with substantiation for your tax return.

Please note that we are not in a position to give formal tax advice, and we strongly advise you to have these gifts reviewed by your own qualified financial or tax advisors.