



# THE \$TRATEGIST

## The Benefits of Qualified Charitable Distributions (QCD)

By Tom Wargin CFA, CFP®

Recently we have been talking to many of you about your 2018 taxes, especially the increase in the standard deduction and the limit on state and property tax deductions. In many cases, deductible charitable contributions along with other items did not total more than the new standard deduction so itemization was not warranted.

However, if you are over 70½ and taking Required Minimum Distributions from an IRA account, you do qualify to make contributions to qualified charities in lieu of some or all of your RMD without the distribution being taxable to you.

Since the charity receives the money and you are not taxed on the distribution from your IRA, it is a win-win situation. Here are the rules:

- You must be 70½ or older prior to making the contribution.
- You must have a retirement account (most IRAs can make QCDs).
- The maximum annual amount that can qualify as a QCD is \$100,000 and the sum of multiple QCDs cannot exceed \$100,000. Any amount more than \$100,000 does not qualify towards your RMD nor does it rollover to the next year.
- If you file jointly with a spouse, you

may both make QCDs up to \$100,000.

- You can make them from inherited IRAs if you are at least 70½.
- Contributions must be made and the charity must cash the check before the end of the year.
- Additionally, you are not required to itemize to benefit from making a QCD, but you must be able to document the gift.
- *Note: QCDs cannot be made from 401(k) accounts.*

You cannot make a QCD from a SIMPLE or SEP IRA if they are still active and receiving ongoing employer contributions. While you can make a contribution from a Roth IRA, it is generally not beneficial since the distributions are already tax-free. You cannot claim/itemize a charitable deduction for any QCD made. You cannot make QCDs to Donor Advised Funds (DAF), if you can control the destination of those funds. According to CAF America (Charities Aid America): *However, if the sponsoring organization of your DAF is a 501(c)*



(3), you can still make your QCD to that charity if they have other programs that you are able to fund outside of your DAF. Such purposes include general support for the charity or for other programs they may maintain outside of their role as a DAF sponsor.

With the above information in mind, you may want to evaluate your charitable gifting for 2019 and beyond. QCDs are best designed for larger contributions. Generally, you will need a signed IRA distribution form and a letter signed by you indicating the charity with the tax ID and address and how much you wish to contribute. The IRS has a handy online tool [Exempt Organization Select Check](#), which can help taxpayers identify organizations eligible to receive tax-deductible charitable contributions. If you need help contact us to assist you.



# Planning Notes

By June Ann Schroeder, R.N. CFP®

## Kids and Money

[Rooster Money](#) is an allowance manager and mobile piggy bank app designed to help parents teach kids as young as 4 about money and savings goals. It includes a bank, an allowance manager, a chore tracker & reward chart that together help kids save and learn

valuable life-skills to prepare for their futures. Parents oversee the accounts and remain the “Bank of Mom & Dad.”

## Student Loan Scams

Processing, administrative or consolidation fees are a scam as are paying up front for better interest rates or terms. [Consolidation of student loans](#) can be done for free.

## Home Ownership

Don't add someone to the deed of your home without legal advice, for a number of reasons. Your bank could call for immediate payment of the mortgage. The IRS considers this a gift, which could trigger gift tax. Also, giving up part ownership allows the added person to borrow against the home and/or makes it available to that person's creditors.



## Meet Brittany Komorowski CFP®, EA



Brittany is the newest member of Liberty Financial Group, Inc. She carries a Bachelor of Science–Personal Finance degree from UW-Madison's prestigious financial planning program. She is a CERTIFIED FINANCIAL PLANNER™ professional, an Enrolled Agent through the Internal Revenue Service, and has a Wisconsin life insurance license for consulting purposes. Brittany is involved in Liberty's tax services and client meetings. She is passionate about helping clients develop plans that align with their values to accumulate and preserve their wealth.



## Featured Artist: Dan Roth

**Artist's Statement:** “Drawing and painting have been a life-long passion allowing me to enjoy using oil, pencil and charcoal in still-life compositions, portraits, and figure work. It is the peace and calm interwoven with the struggle, challenge and chaos of artistic creation that makes hours seem like minutes and weeks like days.



There is always a note of sadness when a piece is almost complete as it becomes obvious that time with this friend is coming to an end. Art is personal. My mission is to create a mood of reflection through art that touches the common core of life and human experience.”

To learn more about West Bend's Dan Roth, visit [www.danrothfineart.com](http://www.danrothfineart.com).

## Client Alerts

By Shannon Nook, FPQP™

### Investment Policy Statement (IPS) Review

We continue to manage your accounts in accordance with your most recent designated investment objectives or IPS.

**NOTE:** It is your responsibility to advise us if there has been a change in your financial situation, investment objectives, or if you would like to impose, add, or modify any reasonable restrictions to the management of your accounts. Feel free to contact us to discuss this further.

### It's Regulation Time Again!

If you're interested in a free copy of any of the following documents, please contact [info@lfgwi.com](mailto:info@lfgwi.com) or our office directly.

- ADV
- Business Continuity Plan
- Privacy Notice

### Summer Hours

Memorial Day to Labor Day  
Monday-Thursday: 9 a.m. to 5 p.m.  
Friday: 9 a.m. to 2 p.m.  
Evenings by request



Liberty Financial Group, Inc.  
700 Pilgrim Parkway, Suite 300, Elm Grove, WI 53122-2063  
Toll-free 877-750-1377 • 262-785-1377 • Fax 262-785-6655  
[www.libertyfinancialgroup.com](http://www.libertyfinancialgroup.com)