JOHNSON BIXBY

Guide to Using Your

Schwab IRA QCD Checkbook

Schwab's IRA check writing feature gives you a simple and convenient way to make charitable contributions straight from your IRA.

What are Qualified Charitable Distributions?

- After an IRA owner reaches age 70½, the IRS allows tax-free distributions from an IRA directly to a qualified 501(c)(3) charity. The distribution must come from an IRA. Distributions from a 401(k), 457, Inherited IRA, or other retirement plan do not qualify.
- This type of distribution is called a Qualified Charitable Distribution (QCD).

What is the IRA Check Writing Feature?

- Charles Schwab provides a specific checkbook for you to make QCDs. You simply write a check from this specific checkbook and that amount is deducted from your IRA's cash balance.
- The minimum check amount is $50.
- If you are writing a larger check ($1,000 or more), or several checks at once, review your IRA account's cash balance first, or call us and we'll ensure you have enough cash to cover.
- There is no additional cost to use this feature.
- The total maximum tax-free amount that can be given from an IRA via QCD is $105,000 for 2024 and is adjusted annually for inflation.

What are the Tax Considerations Involved?

- You are only able to make QCDs after age 70½.
- QCDs count toward your annual Required Minimum Distribution (RMD) once you reach RMD age. For example, if your RMD is $30,000 and you write $10,000 in QCD checks, only $20,000 will be reported as taxable income on your tax return.
- NOTE: You must inform your tax preparer of the total amount of your QCDs each year so it can be accurately reported on your taxes. Schwab will not distinguish QCD checks from normal, taxable distributions when sending your IRA's annual 1099-R.
- Checks should only be made out to registered 501(c)(3) charities. Don't use them to pay for your grocery order, even if you intend to donate everything you bought directly to charity!
- There is no tax withheld on QCDs and any existing tax witholding elections are disregarded.
- Checks **must be cashed** by the charity by December 31, otherwise they will not count for that tax year. Please write your final QCD checks no later than mid-November if you are intending to use them to meet your annual RMD.
- Johnson Bixby reviews all IRAs with the QCD check writing feature to ensure the RMD is satisfied annually.
- If you plan to donate more than maximum annual limit via QCD in any given year, talk to your planner for guidance.

What else do I need to know?

- Establishing this feature requires a paper form for signature verification purposes.
- If you run out of checks simply call our office and we'll order you more.
- If you decide you'd like to stop using this feature simply shred any remaining checks.

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