

The SECURE Act and Qualified Charitable Distributions (QCDs)

The “Setting Every Community Up for Retirement Enhancement” Act, aka the SECURE Act, was signed into law on December 20, 2019. The SECURE Act, which went into effect on January 1, 2020, changes many of the rules governing retirement plans, including several provisions relevant to making charitable IRA rollover gifts (also known as qualified charitable distributions, or QCDs).

Under the SECURE Act, the charitable IRA rollover, or QCD, remains a terrific way to make a tax-free gift to WELS ministries using your traditional IRA.

How Do I Qualify?

- You must be 70½ years old or older at the time of the gift.
- Gifts must go directly from your IRA to a charity such as your congregation, a WELS affiliated ministry, or WELS/WELS Foundation.*
- Gifts must come from a traditional or Roth IRA account.
- Gifts cannot exceed \$100,000 per donor per year.
- You cannot receive a benefit in return for your gift, such as tickets to a gala.

Benefits of a Charitable IRA Rollover Gift (QCD)

The SECURE Act increased the age at which individuals must start taking required minimum distributions (RMDs) from 70½ to 72. (Note: Those who turned age 70½ on December 31, 2019 or earlier must continue taking RMDs.) Once a person reaches 72, one of the great benefits of a QCD is that it will count toward your RMD. However, even if you have not reached age 72, there are still good reasons to consider a QCD at 70½. First, a QCD offers all the benefits of an income tax charitable deduction, even if you don't itemize your deductions. You can't claim a deduction for your QCD, but your QCD is not included in your income. Your QCD is always a tax-free gift.

Another reason to consider a QCD at age 70½ is to reduce the balance in your IRA. At age 72 or older, your RMD is based on the balance in your IRA at the end of each year multiplied by a factor published by the IRS. You may be in a position where you don't want or need the income from your IRA. Higher income can increase your Medicare premiums and create other tax issues.

Another change brought on by the SECURE Act is the elimination of the stretch IRA for many beneficiaries. With a few exceptions, children and other non-spouses who are more than ten years younger than you no longer can stretch their withdrawals from an IRA they inherit from you over their life expectancy. Instead, they must withdraw and pay income tax on all funds within ten years. This change means that it may be most tax efficient for you to support WELS ministries and provide

for your heirs by making QCDs during your life and setting aside other assets to pass on to your loved ones. You may also want to consider assigning your IRA by beneficiary designation to WELS Foundation to provide life-income payments for your loved ones and to designate the remainder for the Lord's work.

Learn more about making an IRA charitable distribution at wels.net/qcd. Your financial planner and local [WELS Christian giving counselor](#) can help guide you through the process.

**QCDs received by WELS Foundation can be designated by the donor for any WELS or WELS-affiliated ministry.*