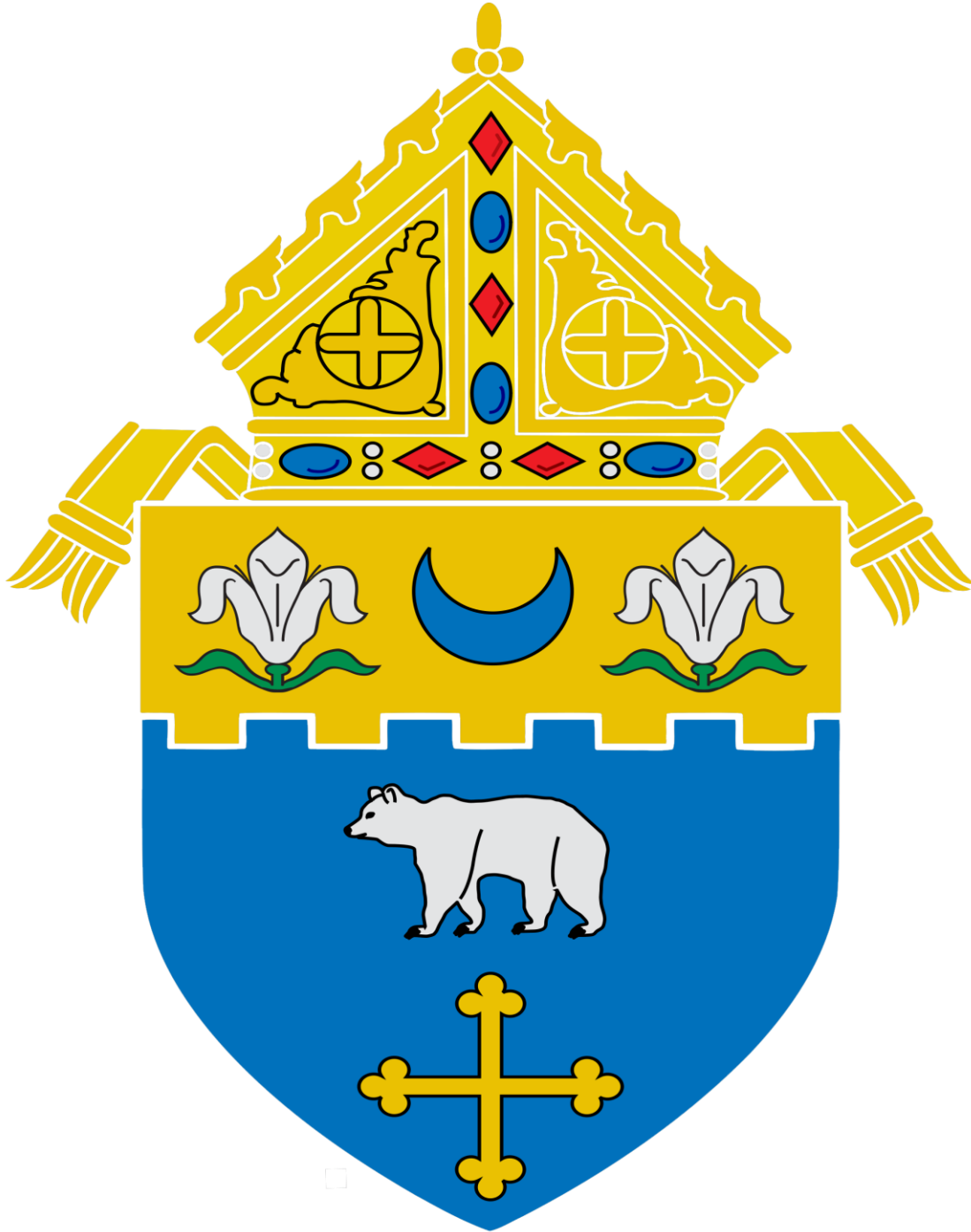


# Diocese of Kansas City-St. Joseph



**Parish Toolkit: IRA Qualified Charitable Distributions**

**2024 Update**



# Parish Toolkit: IRA Qualified Charitable Distributions

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## Stewardship

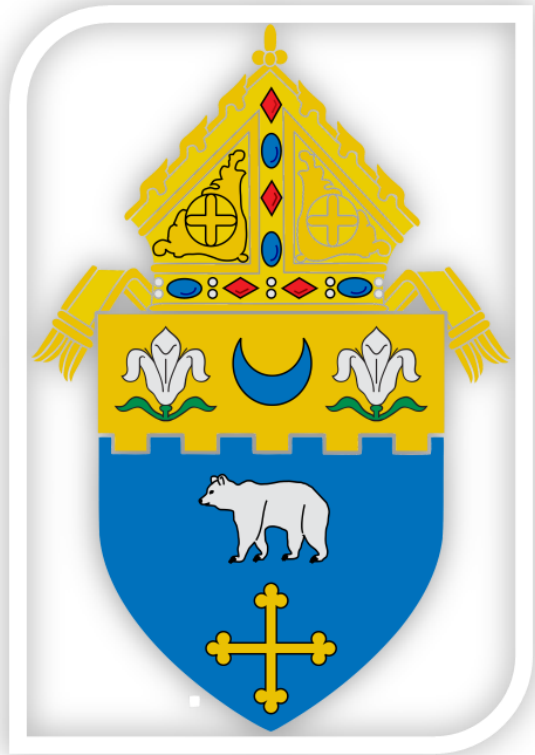
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From the USCCB *Stewardship: A Disciples Response*

### *Appendix II: Section III: Stewardship and Development*

“Development and fund-raising programs sponsored by dioceses, parishes, schools and other church-related organizations should complement effective stewardship programs. No development activity should conflict with stewardship efforts in the diocese or parish. Instead, as a result of careful planning, there will be new opportunities for people to practice good stewardship by participating in the mission and ministries of their church.”

“The basic elements of a parish or diocesan development program are (1) **a spiritually based plan** with a mission statement, specific goals and objectives and priorities for funding; (2) **a communications program** that specifies how the diocese, parish, school or agency will regularly communicate its mission, goals, and funding needs to various internal and external publics; and (3) **a fund-raising program based on stewardship and development principles** that outlines how the diocese, parish, school or agency will identify prospective donors, build strong relationships, and solicit gifts for current programs, capital needs, and endowments. To be successful, each of these three elements must be carefully coordinated with stewardship education efforts and other fund-raising activities (e.g., annual appeals or capital campaigns) at the diocesan and parish levels.



### Planned Giving

“The term ‘planned giving’ is now commonly used to describe commitments made by donors to transfer capital assets (including cash, stock, certificates of deposit, real estate, or other forms of personal property) to a qualified religious, educational, or charitable organization.... Planned gifts are normally made from the contributor’s accumulated assets as part of an overall estate plan. In addition to the normal benefits of charitable giving, planned gift agreements frequently result in tax advantages or other income benefits to the donor.”

### Characteristics

The most distinctive characteristics of planned giving are the following:

- Gifts are made from capital assets in contrast to outright gifts that are normally made from the donor’s current assets.
- The donor’s personal and financial objectives are of primary concern in the decision whether to make a planned gift and what form of planned gift agreement to choose.
- Depending on what form of planned gift agreement is chosen, the organization designated as the beneficiary may have to assume administrative and/or fiscal responsibilities (which would not ordinarily be the case in an outright gift).

## Planned Gifts: IRA Qualified Charitable Distributions (QCDs)

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*The donor's personal and financial objectives are of primary concern in the decision whether to make a planned gift and what form of planned gift agreement to choose.*

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*Stewardship: A Disciples Response: Appendix II: Section III: Stewardship and Development*

The IRA Qualified Charitable Distribution (QCD) allows taxpayers 70½ or older to donate up to \$100,000 from their individual retirement accounts directly to charitable nonprofits. Unlike a withdrawal, the amount of the donation is not included in adjusted gross income for tax purposes. The donation can count towards or satisfy the required minimum distribution (RMD) which begins at age 72 starting in 2020.



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You can use the Sample IRA Charitable Donation Bulletin Announcements below to make your parishioners aware of this opportunity to support your parish, school or other ministry. It's likely that an IRA Qualified Charitable Distribution will allow them to make a larger gift than otherwise might have been possible.

### If the Diocese handles the distribution for the parish:

When your parishioner contacts Stewardship and Development, Stewardship emails or mails donor:

- 1) Instructions to ensure that they qualify, and
- 2) Request forms to send to their IRA administrator

When the distribution check comes to Stewardship and Development from the administrator,

- 3) Stewardship forwards the check to Finance with instructions identifying the parish, school or ministry to receive the proceeds
- 4) Stewardship sends the donor an IRA Distribution Acknowledgement Letter and the check to the recipients.

### If the Parish handles the distribution:

When the parishioner contacts you about an IRA QCD, email or mail the donor:

1. [Transmittal Letter to Donors](#)
2. [Tax Free IRA Gift Criteria Information Sheet](#)
3. Two copies of the [Donor Request for IRA Charitable Distribution](#) or
4. One copy of the [Donor Request for IRA Charitable Distribution](#) and one copy of [Donor Notice to Parish of an IRA Distribution](#).

Upon receipt of the proceeds from the plan administrator, mail the donor:

5. [Parish IRA Distribution Acknowledgement Letter](#)
6. Optional thank you letter from the pastor (less formal than the contemporaneous, written acknowledgement required by the IRS)

### The statement of contributions for parishioners

Because an IRA QCD is excluded from the taxpayer's adjusted gross income, it is not also eligible for a tax deduction. As a result, the annual statement provided by the parish should not include IRA charitable distributions among the contributions eligible for tax deductions. The amount can be included separately with a notation that it is not eligible for a tax deduction and can be shown to reduce a pledge. See [Guidance on Charitable Deductions and Reporting](#) in the Appendix for additional information.

## Bulletin Announcements encouraging IRA Charitable Distributions

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- May God bless your heart for giving! If you're over 70 ½, making a Qualified Charitable Distribution to your parish from your IRA will support the good works we do in our community. To make a Qualified Charitable Distribution from your IRA, contact parish staff with questions.
- When you make a gift of a distribution from your IRA to your parish, it allows you to demonstrate a legacy of love for Christ and His Church. If you're over 70 ½, making a Qualified Charitable Distribution to your parish from your IRA can also save on taxes. To make a Qualified Charitable Distribution from your IRA, contact parish staff with questions.
- Remember you can pay it forward! You have a wonderful Catholic heritage. Just as we plan to ensure financial health for our families, we must plan for the health of our faith families. If you are age 70 ½ or older, you can direct "Qualified Charitable Distributions" from your fund administrator directly to the parish, school or a favorite ministry without increasing your taxable income. Please consider using your IRA as a charitable giving vehicle.
- The Holy Spirit brought the early Church alive by giving individuals gifts that would sustain the Church. By sharing your gifts, you can keep the church alive for years to come. If you're at least 70 ½ years old, you can make a 'tax-reducing' gift today through an IRA Qualified Charitable Distribution. It doesn't create taxable income for you, but it can count towards your required minimum distribution. Plus, it will help you feel good about giving to your parish because we can put your gift to use right away in providing financial support to our ministries throughout the parish.
- As Christian stewards, we share the responsibility of making our Church a true community of faith and a vibrant source of service to the larger community. That includes providing financial support for today's needs -- and building a firm financial foundation for tomorrow. If you are 70 ½ years old or older, you can donate up to \$100,000 from your IRA directly to your parish. It will not count as taxable income and it can satisfy your "required minimum distribution".
- The Holy Spirit brought the early Church alive by giving individuals gifts that would sustain the Church. By sharing your gifts, you can keep the church alive for years to come. Don't miss the chance to make an IRA Qualified Charitable Distribution gift this year! If you are 70 ½ or, please consider making an IRA charitable rollover gift before December 31. You can make a gift up to \$100,000 directly from your IRA to our parish, the Annual Catholic Appeal, a ministry, or other charity. Your gift will:
  - not be included in your taxable income
  - satisfy your required minimum distribution, if you are 72 or older in 2020
  - reduce your taxable income, even if you do not itemize deductions
  - not be subject to the 60% limitation on charitable gifts
  - help the work of the Church.

### [More information](#)

For more information about how you and the Church can benefit from an IRA qualified charitable contribution, contact your IRA administrator, tax preparer, or the parish office.

## Newsletter Insert encouraging IRA Charitable Distributions

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Same information is in the Sample Information for Donors: Tax Free IRA Gift Criteria

*“What we do with our money is our gift to God.” St. Anthony of Padua Parish, Effingham, IL*

Every time you give to your parish, a ministry or worthy cause, you are giving a gift to God. If you can live without using withdrawals from your IRA, giving from an IRA account is one of the smartest ways to make a real impact for your parish, a ministry or the Diocese.

### Eligibility for an IRA Qualified Charitable Distribution (QCD)

- You can make Qualified Charitable Distributions beginning at 70 ½.
- **With the recent implementation of SECURE Act 2.0, the Required Minimum Distribution (RMD) rules have changed.**
  - **Born between 1951-1956? You are now required to take an RMD at 73.**
  - **Born between 1957 – 1958? You are now required to take an RMD at 74.**
  - **Born in 1959? You are now required to take an RMD at 75.**
- Contributions must be made from traditional IRAs.
- Distributions must go directly from your IRA account to a qualified charity.



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### Tax Treatment

- The tax treatment for an IRA QCD may make it possible for you to make a larger gift to your chosen ministry.
- IRA QCDs are excluded from taxable income.
- **Taxpayers who do not itemize benefit most** from an IRA QCD, since they do not receive a tax benefit for charitable gifts.
- You can give up to \$100,000 per year.
- **Taxpayers who've reached the limit for charitable giving** (usually 60% of adjusted gross income) can give more - up to the IRA limit.
- Your QCD can satisfy your **Required Minimum Distribution (RMD)**. Contact your IRA administrator about your RMD.

Withdrawals from other qualified retirement plans (e.g. 401(k)s) are treated differently. The withdrawal may be eligible for a deduction if you can itemize, but it also creates taxable income.

**Especially considering the recent SECURE Act 2.0 changes, please consult with your own attorney and other professional advisors regarding your personal tax and financial situation.**

***To learn more, please contact {PARISH STAFF MEMBER} at {PHONE NUMBER} or {EMAIL}. We will be happy to answer your specific questions.***







## Parish Transmittal Letter to Donors

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Dear \_\_\_\_\_,

Thank you for remembering the parish in your giving plans. To help you through the process, we have attached the following documents:

- Tax Free IRA Gift Criteria Information Sheet  
Donor Request for IRA Charitable Distribution form
- Optional Donor Notice to Parish of an IRA Distribution form.

You must initiate the distribution through your IRA account administrator using either our Donor Request for IRA Charitable Distribution form or one provided by your IRA administrator. To ensure that we follow your wishes for the distribution when the check arrives, please send a copy of your Donor Request for IRA Charitable Distribution form or a Notice to Parish of an IRA Distribution at the same time you initiate your request.

Once we receive your check, we will mail you your IRA distribution tax letter.

Please do not hesitate to call \_\_\_\_\_ or email \_\_\_\_\_ with any questions.

Sincerely,

## Tax Free IRA Gift Criteria Information Sheet

Every time you give to your parish, a ministry or worthy cause, you are giving a gift to God. If you can live without using withdrawals from your IRA, giving from an IRA account is one of the smartest ways to make a real impact for your parish, a ministry or the Diocese.

### Eligibility for an IRA Qualified Charitable Distribution (QCD)

- Although beginning in 2020, Required Minimum Distributions (RMD) do not have to be taken until you turn 72, you can still make Qualified Charitable Distributions beginning at 70 ½.
- Contributions must be made from traditional IRAs.
- Distributions must go directly from your IRA account to a qualified charity.

### Tax Treatment

The tax treatment for an IRA QCD may make it possible for you to make a larger gift to your chosen ministry.

- IRA QCDs are **excluded from taxable income.**
- **Taxpayers who do not itemize benefit most** from an IRA QCD, since they do not receive a tax benefit for charitable gifts.
- **You may be able to give up to \$100,000 per year, \$200,000 for a couple.** The limit is reduced by the amount of any deductible contributions.
- **Taxpayers who've reached the limit for charitable giving** (usually 60% of adjusted gross income for cash gifts) can give more - up to the IRA limit.
- Your QCD can satisfy your **Required Minimum Distribution (RMD)**. Contact your IRA administrator about your RMD.

Withdrawals from other qualified retirement plans (e.g. 401(k)s) are treated differently. The withdrawal may be eligible for a deduction, if you can itemize, but it also creates taxable income.

### How to make an IRA Qualified Charitable Distribution

1. Use the **IRA Request for Distribution form.**
2. Send the form to your IRA administrator with instructions to send the distribution to the parish.
3. Send a copy of the IRA Request for Distribution form or the Notice to Parish of an IRA Distribution to the parish.

Please consult with your own attorney and other professional advisors regarding your personal tax and financial situation.

***To learn more, please call \_\_\_\_\_ or email \_\_\_\_\_. We will be happy to answer your specific questions.***

## Donor Request for IRA Charitable Distribution

(for the Donor to send to Plan Administrator)

Date: \_\_\_\_\_

Subject: Request to Initiate IRA Qualified Charitable Distribution

Dear IRA Custodian,

Federal law permits the account holder of an IRA who is age 70 1/2 or older to make a Qualified Charitable Distribution ("QCD") directly from their IRA to a qualified public charity.

As the owner of IRA Account # \_\_\_\_\_ that is in the custody of your organization, I request that you make the following QCD(s) to the following:

\$ \_\_\_\_\_ to:

Parish name: \_\_\_\_\_

Parish address: \_\_\_\_\_

Tax ID Number: \_\_\_\_\_

Please designate my gift for our parish, school, a specific ministry or appeal as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

In your transmittal of funds to the parish, please note my name and address as the donor of record in connection with this transfer and transmit a copy of this request form with your payment. Please copy me on your transmittal.

It is my intention that the above listed gift(s) be treated as a QCD and that the same be used to satisfy, in whole or in part, my Required Minimum Distribution (RMD) in the year of transfer, if applicable. Therefore, it is imperative this distribution be postmarked no later than December 31. Please do not withhold any income tax from my distribution.

This letter is sufficient authorization for you to make the QCD gift(s) listed above. However, if you require any further documents, please forward those to me for my signature. If you have any questions or need to contact me, I can be reached at phone number \_\_\_\_\_.

Thank you for your assistance in this matter.

Sincerely,

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Home Address*

\_\_\_\_\_, Plan Owner  
*Print Name*

\_\_\_\_\_  
*City, State, Zip Code*

**Donor Notice to Parish of an IRA Distribution from GiftLaw**

(Donor Can Send to Parish showing that a Gift Will be Coming)

Date: \_\_\_\_\_

Parish Name: \_\_\_\_\_

Attn: Parish staff

Address: \_\_\_\_\_

Subject: IRA Rollover Gift for the calendar year ending December 31, \_\_\_\_\_

Dear \_\_\_\_\_:

I am pleased to inform you that I have directed the custodian of my Individual Retirement Account ("IRA") to make a Qualified Charitable Distribution from my IRA to your organization. The information concerning my IRA and my gift are described below.

IRA Plan Trustee/Administrator Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Distribution Amount: \_\_\_\_\_

My gift is for:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

It is my intention that: (1) this gift from IRA comply with the "Qualified Charitable Distribution" requirements of Section 408(d)(8) of the Internal Revenue Code; (2) that this gift will be used to satisfy all or part of my annual required minimum distribution (if applicable); and (3) that I will not be able to claim a charitable income tax deduction for my IRA gift.

When you receive the distribution from the trustee/administrator of my IRA, please send me a contemporaneous written acknowledgement that includes the following: (1) information about the amount of my gift; (2) a statement confirming that no goods or services were transferred to me in consideration for this gift; and (3) that indicates that my gift will not be placed in a donor advised fund or supporting organization.

If you have any questions concerning my gift or this letter, please let me know.

Sincerely,

\_\_\_\_\_

*Signature*

\_\_\_\_\_

*Home Address*

\_\_\_\_\_, Plan Owner

*Print Name*

\_\_\_\_\_

*City, State, Zip Code*

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

Parish IRA Distribution Acknowledgement Letter example from GiftLaw

(Parish Sends to Donor)

Date: \_\_\_\_\_

Parishioner name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Subject: IRA Rollover Gift for the year \_\_\_\_\_

Dear \_\_\_\_\_,

Thank you for your IRA Charitable Rollover gift. An IRA rollover gift may comply with the "Qualified Charitable Distribution (QCD)" requirements of Section 408(d)(8) of the Internal Revenue Code.

We are writing to acknowledge that we received your gift postmarked \_\_\_\_\_ in the amount of \$\_\_\_\_\_, directly from your IRA custodian \_\_\_\_\_ located in the following city and state \_\_\_\_\_.

Please accept this letter as a contemporaneous written acknowledgement of the following: (1) no goods or services were provided in exchange for your gift other than intangible religious benefits; (2) our organization is a qualified public charity and therefore we may receive your Qualified Charitable Distribution; and (3) your gift to us is for general purposes or to a designated fund, and not to a donor advised fund or a supporting organization.

We understand that you wish to apply your gift to benefit the following:

\_\_\_\_\_

Thank you again for your generous support.

Please feel free to contact me if you have any questions.

Cordially yours,

**P.S. Please note:** A Qualified Charitable Distribution (QCD) is not a tax-deductible charitable gift. A QCD may, however, count towards the annual IRA required minimum distribution (RMD) and not be deemed taxable income. Please consult with your own professional tax advisor regarding this and all appropriate matters. Please retain this letter with your important tax documents and provide a copy to your tax preparer.









## GiftLaw: Gift Acknowledgement

**Charitable Deduction and Reporting** – The IRA rollover is not included in taxable income and consequently, there is no income tax deduction. However, the donor must still comply with substantiation requirements under [Sec. 170\(f\)\(8\)](#). The recipient charity should issue an acknowledgment for the IRA rollover that is similar to a gift receipt. The acknowledgment should include the date of the gift, the name of the IRA custodian, the amount of the gift, and that the gift is a qualified charitable distribution under [Sec. 408\(d\)\(8\)\(A\)](#), and state that no goods or services were provided in exchange for the gift. Finally, the acknowledgment should state that the charitable organization has received the gift for general purposes or a field of interest fund, that it qualifies as a Sec. 170(b)(1)(A) public charity, and that the gift is not to a [Sec. 509\(a\)\(3\)](#) supporting organization or [Sec. 4966\(d\)\(2\)](#) DAF.

**IRA Owner Delivers Check** – Most IRA custodians transfer IRA rollover funds by check or electronic transfer directly to the charity. However, some IRA custodians issue a check payable to the charity, but send the check to the donor for forwarding to the charity. This transaction will still qualify under [Sec. 408\(d\)\(8\)\(A\)](#) as an IRA rollover if the check is issued by the IRA custodian, made payable to the charity and the owner delivers the check prior to December 31 of the applicable year. Delivery may be made by physical transfer to an agent for the charity or by placing the check in the U. S. mail by December 31 of the appropriate year. Different rules apply if the donor has check writing privileges on the IRA account, as is becoming more popular. If the donor has an IRA checkbook and writes a check to charity, the funds must clear in the year of the check's issuance.

**IRA Rollover Reporting from the IRA Custodian/Administrator** - Under Treasury instructions for IRS Form 1040, the IRA custodian will send a Form 1099 to the donor and report the full qualified charitable distribution amount. The donor will report the total distribution on Line 4a of Form 1040, (the line numbers on Form 1040 may change in future years) but will report only the taxable distribution on Line 4b. If the qualified charitable distribution is the only IRA distribution because it fulfills the RMD, then the number on Line 4b will be zero.

## IRS Publication 590-B (2019), Distributions from Individual Retirement Arrangements (IRAs)

### What's New as of 2020

**Required minimum distributions (RMDs).** For distributions required to be made after December 31, 2019, the age for beginning mandatory distributions is changed to age 72 for IRA owners reaching age 70 ½ after December 31, 2019. The required beginning date for IRA owners who haven't reached age 70 1/2 by the end of 2019 is April 1st of the year following the year of the owner's 72nd birthday.

**Distributions to Children and Other Heirs** - If the IRA owner designates a non-spouse as the beneficiary of the IRA, the beneficiary must receive distributions over a maximum ten-year term.

## IRS Publication 1771 Charitable Contributions Substantiation and Disclosure

### Written Acknowledgment

#### Requirement

A donor cannot claim a tax deduction for any single contribution of \$250 or more unless the donor obtains a contemporaneous, written acknowledgment of the contribution from the recipient organization. An organization that does not acknowledge a contribution incurs no penalty; but, without a written acknowledgment, the donor cannot claim the tax deduction. Although it's a donor's responsibility to obtain a written acknowledgment, an organization can assist a donor by providing a timely, written statement containing:

1. the name of organization
2. the amount of cash contribution
3. a description (but not the value) of non-cash contribution
4. a statement that no goods or services were provided by the organization in return for the contribution, if that was the case
5. a description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution
6. a statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits (described later in this publication), if that was the case.

It isn't necessary to include either the donor's Social Security number or tax identification number on the acknowledgment.

A separate acknowledgment may be provided for each single contribution of \$250 or more, or one acknowledgment, such as an annual summary, may be used to substantiate several single contributions of \$250 or more. There are no IRS forms for the acknowledgment. Letters, postcards or computer-generated forms with the above information are acceptable. An organization can provide either a paper copy of the acknowledgment to the donor, or an organization can provide the acknowledgment electronically, such as via an email addressed to the donor. A donor shouldn't attach the acknowledgment to his or her individual income tax return, but must retain it to substantiate the contribution. Separate contributions of less than \$250 will not be aggregated. An example of this could be weekly offerings to a donor's church of less than \$250 even though the donor's annual total contributions are \$250 or more.

## Contemporaneous

Recipient organizations typically send written acknowledgments to donors no later than January 31 of the year following the donation. For the written acknowledgment to be considered contemporaneous with the contribution, a donor must receive the acknowledgment by the earlier of:

- the date on which the donor actually files his or her individual federal income tax return for the year of the contribution; or
- the due date (including extensions) of the return.

## Goods and Services

The acknowledgment must describe goods or services an organization provides in exchange for a contribution of \$250 or more. It must also provide a good faith estimate of the value of the goods or services because a donor must generally reduce the amount of the contribution deduction by the fair market value of the goods and services provided by the organization. Goods or services include cash, property, services, benefits or privileges.

However, there are important exceptions:

**Token Exception** — Insubstantial goods or services a charitable organization provides in exchange for contributions do not have to be described in the acknowledgment.

Good and services are considered to be insubstantial if the payment occurs in the context of a fund-raising campaign in which a charitable organization informs the donor of the amount of the contribution that is a deductible contribution, and:

1. the fair market value of the benefits received does not exceed the lesser of 2 percent of the payment or \$106,\* or
2. the payment is at least \$53,\* the only items provided bear the organization's name or logo (for example, calendars, mug or posters), and the cost of these items is within the limit for "low-cost articles," which is \$10.60.\*

\*The dollar amounts are for 2016. Guideline amounts are adjusted for inflation. See IRS.gov for annual inflation adjustment information.

...

**Intangible Religious Benefits Exception** — If a religious organization provides only "intangible religious benefits" to a contributor, the acknowledgment does not need to describe or value those benefits. It can simply state that the organization provided intangible religious benefits to the contributor.

What are "intangible religious benefits"? Generally, they are benefits provided by a tax-exempt organization operated exclusively for religious purposes, and are not usually sold in commercial transactions outside a donative (gift) context. Examples include admission to a religious ceremony and a de minimis tangible benefit, such as wine used in a religious ceremony. Benefits that are not intangible religious benefits include education leading to a recognized degree, travel services and consumer goods.

**IV. Acknowledgments – General**

A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value. The following payments do not constitute charitable contributions:

- A. The value of volunteer services is not tax deductible to the donor. Do not include a dollar amount in the donor's statement of contributions.
- B. Payments received for services rendered are not tax deductible to the donor. Do not include a dollar amount in the donor's statement of contributions.
- C. Contributions earmarked by a donor for a particular individual or narrow class of recipients are not deductible by the donor. That is so even when they benefit someone who would otherwise qualify to receive a payment from an entity.

Effective for contributions made on or after January 1, 2007, a taxpayer may not take a charitable deduction for a cash gift of any amount unless the taxpayer has maintained records of support in the form of: a cancelled check, a wire transfer acknowledgement, a credit card record or a written acknowledgement from the donee showing the name of the donee and the date and the amount of the contribution. Therefore, the entity must post identifiable contributions of all amounts to the donor's contribution record in the entity's census software.

**Contributions of \$250 or More**

Effective for contributions made on or after January 1, 1994, a taxpayer may not take a charitable deduction under section 170 of the Internal Revenue Code for any contribution of \$250 or more unless the taxpayer substantiates such contribution with a contemporaneous written acknowledgment from the charitable organization to which the donation was made [IRC §170(f)(8)]. A canceled check will not constitute adequate substantiation for a contribution of \$250 or more. Separate payments generally will be treated as separate contributions and will not be aggregated for purposes of applying the \$250 threshold. The taxpayer bears the burden of requesting the appropriate acknowledgment.

...

At a minimum, all parishes, missions, schools and early childhood centers must keep a record of all contributions of \$250 or more and respond to all requests for written acknowledgments by donors. *The policy of the Diocese of Kansas City-St Joseph is that all donations of \$250 or more be acknowledged on a timely basis (within 30 days), except for recurring offertory gifts of \$250 or more, in which case acknowledgments may be sent quarterly.*

## Options for IRA Gifts to be handled by the Diocesan Stewardship Office

**To: All Stewardship Coordinators and Business Managers**

**From: Greg Vranicar, Former Planned Giving Director**

**June 27, 2017**

**ISSUE PRESENTED:** At a recent gathering of parish financial coordinators, the thoughtful question was raised: **Why does the Diocese recommend (or require) donors instruct their IRA Administrators to send proceeds of IRA gifts from the Donors' accounts to the Stewardship and Development Office for distribution to the requested parish, school, or other ministry? Why not just have the proceeds just go directly to the beneficiary and "cut out the Diocese," it's an extra step in the process?**

**LAW:** Giving from one's IRA is allowed by Congress as an exception to the general rule that any distribution for a traditional IRA is taxable, but if and only if:

1. The distribution is from a traditional IRA; (Roth IRA distributions are not taxable,)
2. At the time the distribution is made the donor is 70 and one-half years old or older,
3. The distribution is directed to a "qualified charity" (as defined by the IRS) – almost all Diocesan entities, including the Annual Catholic Appeal, are "qualified," and
4. (If later requested for an audit or otherwise,) the donor can produce a copy of a contemporaneous written receipt in a format prescribed by the enabling law.

If any one of these elements is missing, the distribution might be "recharacterized as income"

**REASONING FOR CURRENT POLICY:** The Diocese adopted the plan suggested by National Committee for Planned Giving (NCPG) of a SINGLE POINT OF CONTACT FOR A MULTI-FACETED/LOCATION CHARITY to provide necessary after-the-fact retention of these important records. What better example of this type of a charity than a Diocese with 27 counties, 98 parishes/missions, schools and other ministries. We often have over 350 IRA gifts from over 250 donors annually from donors in some of our largest parishes down to very small parishes with limited staff. Donors often employ IRA Tax-Free as *the annual gift* for the entire annual donation. Especially at the end of the calendar year, receiving, acknowledging and thanking donors for IRA gifts on a small staff can be overwhelming.

*The combined facts of the capacity of the Diocese to handle the workload of doing the IRA giving program AND the inability of many if not most of parishes to successfully to staff the situation resulted in the current practice.*

### Alternative Acceptable Procedure:

Stewardship and Development Office is not opposed to modifying the current practice, *provided donors can still be served well*. For parishes with adequate staff and even with many IRA gifts, we have employed this model:

1. Donors instruct their IRA Administrator to send the proceeds of the gift directly to the Parish instead of the Diocese. (This requires only a slight modification of the Request Form.)
2. Such a Parish emails the STEW/DEV Office re: the details of the gift attaching a .pdf of the check receive from the Administrator. Parish thanks the donor for the gift in a "non-technical" language and the Stew/Dev Office sends the current statutory IRA Acknowledgement. (Can be done a reasonable time after the gift.)
3. **UPDATE:** You can also use the Sample IRA Distribution Acknowledgement Letter in this document to send the acknowledgement from your parish.