Things you need to know – Paul Hood Answers Your Questions

1) What is the difference between a planned gift and an annual gift? *Annual gifts are more commonplace than planned gifts. It's important to remember that a planned gift usually takes effect in the future, while an annual gift is immediate. Generally speaking, planned gifts are larger in value than annual gifts. However, there's an interesting relationship between planned gift donors and annual gift donors: both tend to be very loyal, regular contributors. In fact, a sizable share of planned gifts to an organization*

***3*) My IRA is due to begin requiring an annual withdrawal (I turn 70 in 2018) how can I save taxes?** *You can save some tax by having your IRA custodian make distributions (called QCDs-see the answer to the next question) to qualified public charities. See my answers to the questions below for more information about how an IRA rollover distribution works and can save taxes while immediately fostering philanthropic desires.*

4) **Is a planned gift only made after death, or is the process initiated before? Will?** *No. A planned gift is first planned, which occurs during the donor's lifetime! While it's true that the overwhelming majority of planned gifts take effect at death, some planned gifts such as charitable trusts and charitable gift annuities are immediate transfers. In addition to transfers from a will or trust, planned gifts can come from pay-on-death (POD) bank accounts, transfers-on-death (TOD) securities accounts, joint tenancy property and life insurance. Additionally, some people make charitable transfers out of their IRAs and qualified retirement plans.*

3) What is a QCD? What is the limit annually? *The acronym QCD stands for "qualified charitable distribution." Persons who are age 70.5 or older can ask their IRA custodians to make direct distributions to qualified public charities of up to $100,000 per donor per year. Although you don't get an income tax charitable contribution deduction for contributing a QCD to charity, donors enjoy an income tax savings because they get out of the income tax on the QCD. Moreover, the QCD counts toward the required minimum distribution (RMD) that persons over age 70.5 must take out of an IRA or risk a 50% penalty. You can't make a QCD out of a qualified retirement plan; it must be an IRA.*

4) Explain a QCD, vs a RMD? *I explained what a QCD is in the previous answer. Again, a QCD is a direct transfer from an IRA custodian to a qualified public charity. The RMD is an amount that must be taken out of an IRA or qualified retirement plan annually to avoid the 50% penalty. A QCD satisfies that part of the donor's RMD for the year. Finally, the QCD is an elective decision on the donor's part, whereas the RMD is a requirement for almost all qualified retirement plans and IRAs essentially when someone is over age 70.5.*

What is the legal name of the Sylvania Franciscans?

Sisters of St. Francis of Sylvania, Ohio. *The Sisters of St. Francis is a 501(c)(3) organization and your donation is tax deductible to the fullest extent of the law.* Tax ID#34-4450609

Paul Hood obtained his undergraduate and law degrees from Louisiana State University and an LL.M. in taxation from Georgetown University Law Center before settling down to practice tax and estate planning law in the New Orleans area. Paul has taught at the University of New Orleans, Northeastern University, The University of Toledo College of Law and Ohio Northern University Pettit College of Law. Paul has authored or co-authored seven books and over 500 professional articles on estate and tax planning and business valuation.

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