

UAA's 2021 "LEADERSHIP" CAMPAIGN
NOW YOU CAN FINANCIALLY SUPPORT THE USAID ALUMNI ASSOCIATION
USING YOUR REQUIRED INDIVIDUAL RETIREMENT ACCOUNT
(AND REDUCE YOUR TAXABLE INCOME BASE)¹

If you are 70½ or older, did you know that you can distribute previously untaxed funds from your traditional Individual Retirement Account (IRA) to a 501(c)(3) charitable organization such as the USAID Alumni Association (UAA)? That distribution could offset all or part of your required minimum distribution for the year and would not be included in your annual adjusted gross income. This is called a Qualified Charitable Distribution (QCD). You could avoid paying tax on a QCD donated directly to the UAA from your IRA financial custodian.

Your 2021 donation would assist the UAA to achieve its "Leadership" initiatives including: public outreach; public advocacy; attracting more diverse candidates to join and lead USAID; and fostering UAA partnerships with like-minded pro-development, pro-global engagement, and pro-foreign assistance organizations.

The Basics

- You must be at least age 70½ when you make your Qualified Charitable Distribution from your IRA to the UAA, a 501(c)(3) charitable organization.
- There is an individual annual limit of \$100,000, or \$200,000 per married couple (if both have eligible IRAs) for such distributions.
- The distribution must be from a Traditional or Inherited IRA (not a SEP or Simple IRA or the Thrift Saving Plan).
- The distribution must be transferred directly from your IRA custodian to the 501(c)(3) organization.
- The distribution must be made by December 31 in order to satisfy all or part of your required minimum distribution amount for that year.

Potential Tax Advantages

Because the funds are transferred directly from your IRA custodian to the UAA as a Qualified Charitable Distribution, the distribution is not counted as part of your adjusted gross income, a key factor in determining whether you can benefit from certain tax advantages.

Making a QCD in this manner, by reducing your adjusted gross income, may help you to avoid:

- The loss of personal exemptions or a phase-out of itemized deductions;
- The percentage limitation on charitable contributions (50% of adjusted gross income);
- The alternative minimum tax;
- The 3.8% Medicare surtax on investment income;

¹ The following information has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, accounting or legal advice. You should consult your own tax, accounting and legal advisors before engaging in any transaction.

- Higher Medicare Part B and Part D premiums;
- Paying the higher 20% instead of 15% tax on your long-term capital gains; and/or.
- Losing part or all of your deduction for medical expenses.

Next Steps

- Consult with your tax, accounting and legal advisors to confirm whether you are eligible to make a Qualified Charitable Deduction and the extent, if any, to which you would receive a tax benefit.
- If you decide to proceed, check with your IRA custodian on the process it uses to send QCD funds directly to a charity such as the UAA.
- Provide your IRA custodian with USAID Alumni Association's Tax ID number, 26-4799681.
- Have the check made to USAID Alumni Association and mailed to USAID Alumni Association, 1801 F St, NW, 4th Floor, Washington, DC 20006.
- If your IRA custodian prefers or only issues distributions via Electronic Funds Transfer, please contact the UAA Treasurer, Carol Dabbs, at office@usaidalumni.org.
- Ask your IRA custodian to identify you as the donor so that the UAA knows you made the QCD.
- Let the UAA Treasurer know you are making a QCD from your IRA and the dollar amount.

Thank you considering making a Qualified Charitable Distribution from your IRA to the UAA during 2021.