



LOVELL LAKE ASSOCIATION

The Most Tax-Efficient Way to Give to Lovell Lake Association

If you have an IRA and you're over the age of 70½, you may be required to make an annual withdrawal, the amount of which is based on the age you will be during the calendar year and the value of the IRA account(s) as of the last day of the prior year. Under normal circumstances, this annual mandatory withdrawal, known as the Required Minimum Distribution (RMD), will be added to your other taxable income (investment, self-employment, social security, etc.) for determining the amount of income tax to be paid. You can make a QCD as long as you are over 70½, even if you aren't required to make a RMD.

As a result, this level of combined income may have the effect of reducing the tax benefit you receive from making a tax-deductible gift, be it to Lovell Lake Association or any other qualified recipient. For example, if you make a gift of \$1,000 to Lovell Lake Association (LLA), you may not be able to fully benefit from the \$1,000 deduction, since the deductibility of any gift is affected by how high your income may be. This could mean that, instead of getting a \$1,000 tax deduction, you may only get 90%, 80% or less of this amount. This is so under present tax law.

There is a way to ensure you get the full tax benefit of the amount you give, and reduce your taxable income, all at the same time. This is known as the Qualified Charitable Distribution (QCD) from an IRA (presently, it only applies to IRAs).

[The Lovell Lake Association is a 501-3c organization and eligible to receive QCDs.](#)

Qualified charitable distribution rules

- Individuals age 70½ or over can exclude up to \$105,000 from gross income for donations paid directly to a qualified charity from their IRA. Donations to multiple charities can be made as long as they don't exceed the limit.
- Donations up to the current limit (presently \$105,000) satisfies part or all of IRA required minimum distributions (RMDs) for the year.
- QCDs are not deductible from gross income on your tax return.
- Donations from an inherited IRA are eligible if the beneficiary is at least age 70½.
- Donations from an active SEP or SIMPLE IRAs are not eligible.
- Donations from a Beneficiary Roth IRA are eligible if 70½.
- Married individuals filing a joint return may exclude up to \$105,000 donated from each spouse's own IRA (\$210,000 total).



LOVELL LAKE

ASSOCIATION

How to make a qualified charitable distribution to Lovell Lake Association

- The first step is to determine the amount of your RMD.
- Once you know that amount, you can determine how much of that amount you want to give to LLA, up to the full RMD amount but not to exceed \$105,000 (the maximum QCD amount is indexed to inflation) for all QCDs you make.
- You would then contact your financial advisor or the entity that is the sponsor of your IRA to complete a distribution form, designating the amount and the payee.
- Ask that a check be made payable to Lovell Lake Association. DO NOT make the check payable to yourself.
- Have the check mailed to yourself.
- Then mail the check to the Lovell Lake Association with a cover letter stating your name and how the check is to be distributed (dues, general fund, Hraba (Jennison) Forest Project [until January 31, 2025], lake host program/water quality, etc.).
- Mailing address: Lovell Lake Association, P. O. Box 232, Sanbornville, NH 03872.

You can make a gift of this nature any time during the calendar year, but it must be completed by 12/31 of that year.

Why is this the most tax-efficient means of giving to Lovell Lake Association?

- The amount you give reduces the RMD amount you are required to withdraw. Thus, you would then have a lower taxable income than if you have the full RMD amount paid to yourself.
- Since the gift amount directly reduces the amount of the RMD dollar-for-dollar, you have effectively received a 100% deductibility of the gift, without the usual tax-benefit reduction based on total income.

You do not get a charitable gift deduction on your tax return when you make a QCD, but remember, you have deducted this gift amount fully against what would otherwise have been taxable income, thereby reducing the taxable income from an IRA distribution and getting a 100% benefit.

You may also speak with our treasurer, Jim Lawrie (treasurer@lovelllakengh.org) about any non-tax questions you have regarding contributions to the Lovell Lake Association. For tax related questions, consult with a qualified tax professional.