

If you have a retirement account and are of a certain age (which has recently changed), then you are probably familiar with Required Minimum Distributions (RMDs). An RMD is the minimum amount that you must withdraw annually from your retirement account. Whether you need this money for your living expenses or not, you must take the distribution each year or face stiff penalties.

Do I have a Required Minimum Distribution?



- **Age:** Until this year, you were required to make an RMD starting in the year you turned 70 ½ years old. Starting January 1, 2020, this age has increased to 72 years old or the year in which you retire. There are a couple of exceptions: if your account is an IRA or if the owner is a 5% owner of the business sponsoring the retirement plan, then you are required to take an RMD at 72, regardless of retirement status.
- **Accounts:** RMDs are required of all employer-sponsored retirements plans as well as Roth 401(k) accounts. The exception is the Roth IRA – these rules do not apply while the owner is alive.
- **Amount:** The RMD is the *minimum* you must withdraw; you are able to withdraw more than the RMD. The amount is calculated based on market value and life expectancy (which factors in age, marital status, even the age of your spouse).^[1]
- **Taxes:** Any withdrawals you make will be considered a part of your taxable income for the year with a couple of notable exceptions: “any part that was taxed before (your basis) or that can be received tax-free (such as qualified distributions from designated Roth accounts).”^[2]

Using your RMD for Charity

Required Minimum Distributions can be frustrating for those who do not need the funds for their living expenses and do not want to increase their taxable income. However, there is a wonderful tax tool you can implement that will keep you from facing penalties AND won't increase your taxable income! For IRAs, you can pay your RMD directly to charity. This Qualified Charitable Contribution (QCD) must be given directly to a nonprofit, like the Episcopal Community Foundation for Middle and North Georgia; if you take the distribution and then give it to charity, the income will still be considered taxable income.

As a part of the Episcopal Diocese of Atlanta, ECF can accept your charitable donation from your IRA and distribute your gift to your parish, ministries in our Diocese that you are passionate about, and to our grantmaking fund which ensures ECF is able to continue helping Episcopal parishes serve people experiencing poverty and oppression for decades to come. To make a gift, please submit your completed [IRA Charitable Rollover Gift Form](#) to both ECF and

your IRA trustee, or [reach out to our Executive Director](#) to discuss how you can use this tax tool today!

[1] <https://www.aarp.org/money/taxes/info-2020/required-minimum-distribution-rules.html>

[2] <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions>



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