If you are looking to lower your taxable income and satisfy a Required Minimum Distribution from a retirement account, you may want to consider a qualified charitable distribution (QCD) to the JCC.

Fidelity Learning Center advises: If you are age 70½ or older, IRS rules require you to take required minimum distributions (RMDs) each year from your tax-deferred retirement accounts. This additional taxable income may push you into a higher tax bracket and may also reduce your eligibility for certain tax credits and deductions. To eliminate or reduce the impact of RMD income, charitably inclined investors may want to consider making a qualified charitable distribution (QCD).

A QCD is a direct transfer of funds from an IRA custodian, payable to a qualified charity, as described in the QCD provision in the Internal Revenue Code. Amounts distributed as a QCD can be counted toward satisfying your RMD for the year, up to $100,000, and can also be excluded from your taxable income. This is not the case with a regular withdrawal from an IRA, even if you use the money to make a charitable contribution later on. In this scenario, the funds would be counted as taxable income even if you later offset that income with the charitable contribution deduction.

Why is this distinction important? If you take the RMD as income, instead of as a QCD, your RMD will count as taxable income. Having higher taxable income can directly impact your eligibility for certain deductions and credits. For example, your taxable income helps determine the amount of your Social Security benefits that are subject to taxes. Keeping your taxable income level lower may also help reduce your potential exposure to the Medicare surtax. And, as a result of the 2018 changes to tax laws, your ability to take a deduction for your contribution may have changed.

To be sure, consult your tax advisor.