

**THE BENEFITS,  
REPORTING AND  
PROCESS OF MAKING  
A QUALIFIED  
CHARITABLE  
DISTRIBUTION (QCD)  
FROM YOUR IRA**

THE **COMPASS** CHURCH

## THE BENEFITS

Generally, you must begin taking required minimum distributions (RMDs) on any pre-tax retirement accounts (IRA, 401k, 403b, etc.), even if you don't want or need the required distribution if your birthday is before July 1, 1949. If your birthday is on or after July 1, 1949, your RMD's begin in the year that you turn 72 years of age. These distributions are taxable at ordinary income rates at whatever tax bracket you are in during that particular year. The IRS answers frequently asked questions [HERE](#).

Qualified Charitable Distributions (QCDs) from IRA accounts, count toward your RMD for the year.

### ***The potential benefits of making a QCD from your IRA include:***

- investing in our shared mission "Helping People Find & Follow God" in a wise stewardship of the resources God has entrusted to your care while also...
- avoiding completely or reducing significantly taxes from your RMD. The amount that can be taken as a QCD is capped at \$100,000 per taxpayer per year.
- One of the biggest advantages the QCD rule provides is the ability for taxpayers to lower their Adjusted Gross Income (AGI). This is much more valuable than taking an itemized deduction, which merely lowers taxable income. Because AGI is used for many tax calculations, having a lower number can allow the donor to stay in a lower tax bracket, reduce or eliminate the taxation of Social Security or other income, and remain eligible for deductions and credits that might be lost if the taxpayer had to declare the RMD amount as income.

Talk with your tax advisor for the impact on your specific situation.

## THE REPORTING

The custodian of the IRA account is required to issue the owner of the IRA account a Form 1099-R. The distribution to the charity will be reflected in Box 1 as a "Gross distribution" but it will not be included in Box 2a as a "Taxable amount."

The Compass Church will send you a letter of acknowledgment stating that we received an IRA distribution, including the amount from your IRA custodian.

NOTE: Your gift will be reported on your donor's contribution statement. However, if this distribution is excluded from income you should not also claim a charitable deduction for this distribution. Again, if your QCD is not included in Box 2a as a "Taxable amount" on your Form 1099-R it is much more valuable than taking an itemized deduction. Talk to your tax advisor regarding your specific situation.

## THE PROCESS

1. Read these instructions.
2. Fill out the appropriate forms on the following pages.
3. Send a copy of the appropriate form to your IRA custodian to authorize the transfer.
4. Send an electronic copy/scan to The Compass Church - ATTN. Finance Department to [finance@thecompass.net](mailto:finance@thecompass.net) letting us know you have authorized this transfer.

**IRA GIFT INSTRUCTIONS FOR DIRECT QCD GIFT TO A QUALIFIED CHARITY**  
**The Compass Church**  
**Tax ID Number: 36-3256985**

DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

TO: IRA CUSTODIAN: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

Please accept this letter as my request to make a Qualified Charitable Distribution (QCD) from my Individual Retirement Account (IRA) # \_\_\_\_\_

Federal law permits the holder of an IRA or Roth IRA who is 70 1/2 or older to make a QCD directly from their IRA to a qualified charity such as the THE COMPASS CHURCH.

It is my intention that the specific gift identified below be treated as a QCD and that the same be used to satisfy, in whole or in part, my Required Minimum Distribution (RMD) in the year of transfer. Thank you for your assistance with this matter.

Please issue a check in the amount of \$\_\_\_\_\_ payable to THE COMPASS CHURCH. (Memo: IRA Distribution. And any of these two fund designations if desired: Ministry Fund or Expansion Fund. Undesignated contributions will go toward our Ministry Fund.)

Please transfer the following securities to THE COMPASS CHURCH:

\_\_\_\_\_

**INSTRUCTIONS FOR CASH TRANSFERS**

*Issue check payable to:*

THE COMPASS CHURCH

ATTN: Finance Department, 2244 W. 95th Street, Suite 300, Naperville, IL 60564 - [finance@thecompass.net](mailto:finance@thecompass.net)

**INSTRUCTIONS FOR DTC TRANSFERS IF TRANSFERRING SECURITIES**

The Compass Church

Account Number: 492539104

Held at: Ameritrade

Ameritrade Phone: 800-669-3900, Ameritrade Fax: 866-468-6268 DTC#: 0188, Tax ID: 36-3256985

**My Donor Name:** \_\_\_\_\_

**Sincerely,**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_  
(Address) (City) (ST) (Zip)

**DONOR'S FINAL STEPS: TO ENSURE A SUCCESSFUL FUNDS TRANSFER, PLEASE:**

1. Scan or take a photo of this form and email it to [finance@thecompass.net](mailto:finance@thecompass.net)
2. Provide this original form to your IRA Custodian.

**IMPORTANT NOTE TO DONORS:** It usually takes 3-5 business days for your transfer to be settled and posted.

**NOTIFICATION TO THE COMPASS CHURCH TO EXPECT  
A QCD GIFT FROM IRA**

The Compass Church  
ATTN: Finance Department  
2244 W. 95th Street, Suite 300, Naperville, IL 60564 - finance@thecompass.net

Dear Compass Church - Finance Department:

I am pleased to inform you that I have directed the custodian of my Individual Retirement Account ("IRA") to make a Qualified Charitable Distribution (QCD) from my IRA to The Compass Church. The information concerning my IRA and my gift are described below.

IRA Plan Custodian Name: \_\_\_\_\_

Distribution Amount by check: \$ \_\_\_\_\_

If stock, please watch for the following securities to The Compass Church transferred by DTC (please specify # shares, company, and approx. value):

\_\_\_\_\_  
(Shares) (Company) (Approximate Value)

Please use my gift to strengthen the ministries of The Compass Church.

It is my intention that: (1) this gift from my IRA comply with the QCD requirements of Section 408(d) (8) of the Internal Revenue Code; (2) that this gift will be used to satisfy all or part of my annual Required Minimum Distribution (RMD); and (3) that I will not be able to claim a charitable income tax deduction for my IRA gift.

When you receive the distribution from the custodian of my IRA, please send me a contemporaneous written acknowledgement that includes the following: (1) information about the amount / value of my gift; (2) a statement confirming that no goods or services were transferred to me in consideration for this gift; and (3) that indicates that my gift will not be placed in a donor advised fund, supporting organization or charitable gift annuity.

If you have any questions concerning my gift or this letter, please let me know. Sincerely,

Donor's Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_  
(Address) (City) (ST) (ZIP)