Transylvania Pike Alumni can lower their adjusted gross income for 2021 by making a tax-deductible gift from their traditional IRA

Transylvania Pike alumni who are 72 or older can donate to Kappa Chapter directly from a traditional IRA, effectively lowering your adjusted gross income.

Money from any individual retirement account can be donated to the "KCAA Fund of Pi Kappa Alpha. (KCAA = Kappa Chapter Alumni Association)

If you have reached the age (72) you are required in 2021 to take a required minimum distribution (RMDs) from your traditional IRA. You can lower your adjusted gross income by donating to the KCAA Fund of Pi Kappa Alpha. This tax break was made permanent in 2015.

A donation from your IRA to the KCAA Fund of Pi Kappa Alpha is referred to as a Qualified Charitable Distribution. Normally, a distribution from a traditional IRA incurs taxes since the account holder did not pay taxes on the money when they put it into the IRA.

But Pikes aged 72 or older, who contribute directly from their traditional IRA to the "KCAA Fund of Pi Kappa Alpha can donate up to $100,000 without it being considered a taxable distribution.

The deduction effectively lowers the donor's adjusted gross income (AGI).

To avoid paying taxes on the donation, the donor must follow simple IRS rules for qualified charitable distributions. (QCDs)

Please Note that Roth IRAs do not require distributions, so this provision does not work for them.

The Transylvania Pikes must receive your gift by Dec 20th, for the amount to be applied to your 2021 tax return.

The Bottom Line

Using your IRA to make a charitable donation can help lower your 2021 tax bill and help the Transylvania Pikes. All distribution checks must be made payable to the KCAA Fund of Pi Kappa Alpha, or they will be counted as taxable distributions.

Talk to your financial adviser, CPA or tax professional about how to make this happen and please leave sufficient time for the funds to reach the KCAA Fund of Pi Kappa Alpha.