VIRTUAL WORKSHOP SERIES

Mastering the ABCs of QCDs

September 27 & October 9, 12-1pm

Featuring

JIM KING

Founder, J.P.King Advisors, Inc

Session One

I. Client Resources

- What is a Qualified Charitable Distribution (Fidelity)
- QCD: What It Is, How It Lowers Your Taxes (Investopedia)
- QCD: up to $100,000 in tax-free gifts to charity (IRS)

II. Reminders

- A donor must be at least 70 1/2 years of age to make a QCD
- October 1 –November 15 is best time to remind clients to use RMD
- Retirement gifts can be taxed up to 70% if gifted to heirs

III. Contact Information

Jim King (jim@jpkingadvisors.com) is an expert in the field of charitable giving and financial planning. He brings a wealth of knowledge and practical insights, particularly since he's sat on both sides of the desk since his retirement. Jim was a Certified Financial Planner (CFPR) and Registered Investment Advisor, he founded and operated J.P. King Advisors for 40 years before retiring in 2021. Jim is also a former EBCF Board Chair and a former Professional Advisors Leadership Council (PALC) member. He remains an active fundraiser for his alma mater and two other non-profit organizations.

EBCF Development

Elle Fersan, VP Philanthropy, efersan@eastbaycf.org, 323-601-7473

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Session Two Case Study

Mr. and Ms. Smith, both age 73 in 2024, have been married 48 years and have two children, a daughter age 47 and a son age 45. The daughter is married and has 2 children, ages 22 and 18. The son was divorced then remarried. He has a son age 23 and two step children ages 16 and 12. The two older grandchildren have graduated from college while the 18 year old is a freshman at community college and the two younger ones are in high school and middle school.

Mr. Smith owned a business which he sold 3 years ago, at which time he retired. His last payment from the buyer was last year. Ms. Smith also retired 3 years ago from the consulting firm at which she had worked for many years. They both deferred taking Social Security Retirement benefits until age 70.

They have owned their home in the Bay Area for 35 years and paid off the mortgage 3 years ago when they retired. The home is worth about $2MM and the cost basis is $400K. They also own a rental property, currently worth about $800K with a $200K mortgage. It generates $24K annual net cash flow, about $14K taxable income.

Other assets include a Family Trust worth about $1.5MM, cost basis of $650K and IRA Rollovers: his worth~$2MM and hers $1.5M. Personal property is worth about $150K. No liabilities other than the rental property mortgage.

Their combined SS benefits are ~$90K before Medicare deductions of about $15K. Their RMDs in 2024 will be ~$75,500 for him and ~$56,600 for her. Interest and dividends from their trust will be about $45K.

Their household expenses are about $12/month and their annual travel budget is $20K. Their accountant has told them to expect to pay about $41K in Federal income taxes (24% bracket) and $7K in CA State income taxes (9.3% bracket).

Case Study Questions:

1. How much is their excess cash flow expected to be for 2024?
2. What are potential uses for this excess?
3. How much (maximum) could they contribute to QCDs from their excess cash flow (without exceeding their RMDs)?
4. What would be their tax savings if they did so?
5. What other ways could they choose to make Charitable contributions and what would be the tax and cash flow implications?