

Reduce Your Tax Burden Through Qualified Charitable Distributions

IRA Qualified Charitable Distributions (QCDs) allow certain taxpayers to make annual, tax-free transfers directly from an IRA to qualified charities. In appropriate cases, this strategy can provide meaningful benefits to charity at a reduced income tax cost to the taxpayer.

Seven things you should know when planning QCDs

1. You must be at least 70 ½ years old on the actual day of transfer to the charity.
2. Only IRA funds that are taxable at the time of distribution will qualify for QCD purposes.
3. The total amount you can transfer from an IRA to charity is \$100,000 per year. If your spouse also has an IRA, he or she may also transfer up to \$100,000 per year. Any amount transferred over the \$100,000 limit will not qualify and cannot be carried forward to future years.
4. QCDs can be made from your SEP or simple IRA accounts provided that the accounts are not ongoing. An account is considered ongoing if an employer contribution is made within the same plan year or tax year as the QCD. QCDs are not available for other retirement accounts, such as 401(k) plans.
5. Your IRA custodian should make the QCD payable to the charity, not to you. A distribution made payable to you before making a contribution to the charity will not qualify as a QCD.
6. A qualified charity is an organization the IRS deems eligible to receive tax deductible contributions. Qualified charities do not include certain private foundations, donor-advised funds or charitable remainder trusts.
7. A single transaction cannot be used as both a QCD to reduce your taxable income and an itemized charitable tax deduction.

Contact your Texas Capital Bank Private Wealth Advisor to learn how to use QCDs to maximize your retirement dollars now and in the future.

Potential Benefits of Qualified Charitable Distributions

- *Donate to eligible charities from your IRA without paying taxes on the distribution.*
- *Reduce your taxable income by the amount of the QCD, up to \$100,000 per year.*
- *For taxpayers who take the standard deduction, a QCD provides an added tax benefit for a gift to charity.*
- *Satisfy the annual IRA required minimum distribution.*
- *Lower your tax rate and increase access to deductions, credits and various tax breaks by reducing your taxable income.*
- *Potentially reduce the impact of the 3.8% surtax on net investment income on your tax bill.*
- *Avoid paying higher taxes on social security benefits and higher Medicare premiums due to an increase in taxable income.*

Advisory services are offered through Texas Capital Bank Wealth Management Services, Inc. d/b/a Texas Capital Bank Private Wealth Advisors, a wholly-owned subsidiary of Texas Capital Bank, N.A. and an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). SEC registration does not constitute an endorsement of the advisory firm by the SEC nor does it indicate that the advisory firm has attained a particular level of skill or ability. Brokerage services are offered through Chalice Capital Partners, LLC ("Chalice"), member FINRA/SIPC. Texas Capital Bank Private Wealth Advisors and Texas Capital Bank, N.A. are not registered broker/dealers and are independent of Chalice. Investments and insurance products are not insured by Bank insurance, the FDIC or any other government agency; are not deposits or obligations of the Bank; are not guaranteed by the Bank; and are subject to risks, including the possible loss of principal.

Neither Texas Capital Bank Private Wealth Advisors; Texas Capital Bank, N.A. nor any of its employees provide tax or legal advice. Nothing contained in this communication (including any attachments) is intended as tax or legal advice for any recipient, nor should it be relied on as such. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor or legal counsel. The wealth strategy team at Texas Capital Bank Private Wealth Advisors can work with your attorney to facilitate the desired structure of your estate plan. The information contained in this communication is not a complete summary or statement of all available data necessary for making an investment decision, and does not constitute a recommendation. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any opinions are those of the authors and not necessarily those of Texas Capital Bank Private Wealth Advisors or Texas Capital Bank.

©2019 Texas Capital Bank Wealth Management Services, Inc., a wholly-owned subsidiary of Texas Capital Bank N.A. All rights reserved. NASDAQ®: TCBI

www.texascapitalbank.com

Texas Capital Bank Private Wealth Advisors and the Texas Capital Bank Private Wealth Advisors logo are trademarks of Texas Capital Bancshares, Inc. and Texas Capital Bank, N.A.