Dear \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_,

One of our goals is to capitalize on strategies that are tax efficient. As you know for tax year 2020 you made a Qualified Charitable Distribution (QCD) from your IRA as part of your distributions for the taxable year. A Qualified Charitable Distribution is an otherwise taxable distribution from an IRA (other than an ongoing SEP or SIMPLE IRA) owned by an individual who is age 70½ or over that is paid directly from the IRA to a qualified charity.

As a financial Advisor, I have noticed that some custodians do not take the QCD amount off of the 1099, which could lead to a taxpayer paying more in income taxes than they are required to. To avoid this pitfall, here is some information. The following excerpt is from ***irs.gov*** and could be helpful:

**How do I report a qualified charitable distribution on my income tax return?**

To report a qualified charitable distribution on your Form 1040 tax return, you generally report the full amount of the charitable distribution on the line for IRA distributions. On the line for the taxable amount, enter zero if the full amount was a qualified charitable distribution. Enter "QCD" next to this line. See the Form 1040 instructions for additional information.

You must also file Form 8606, Nondeductible IRAs, if:

* you made the qualified charitable distribution from a traditional IRA in which you had basis and received a distribution from the IRA during the same year, other than the qualified charitable distribution; or
* the qualified charitable distribution was made from a Roth IRA.

Your amount of Qualified Charitable Distribution was \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Please inform your tax preparer (or call us and we can send them a letter). Your tax preparer is always welcome to call us at \_\_\_\_\_\_\_\_\_\_\_\_\_ should they have any questions. We appreciate your business.

Very Truly Yours,

YOUR NAME

**SAMPLE LETTER TO CLIENT**