



Qualified Charitable Distributions

A QCD guide for clients

A Qualified Charitable Distribution (QCD) is a direct transfer of funds from your Individual Retirement Account (IRA) to a qualified charity. This financial tool is particularly beneficial for individuals who are charitably inclined and over the age of 70½. By utilizing a QCD, you can support the causes you care about while potentially reducing your tax burden.



KEY BENEFITS

Tax Advantages:

The amount donated through a QCD is excluded from your taxable income. This can help reduce the impact of other taxes and surcharges, such as the Medicare surtax.

Required Minimum Distribution (RMD):

A QCD can count toward your RMD for the year. Normally, RMDs are included in your taxable income, but by making a QCD, you can satisfy your RMD requirement without increasing your taxable income.



IMPORTANT CONSIDERATIONS

Eligible Charities:

Not all charitable organizations qualify for QCDs. For example, donor-advised funds and private foundations are generally not eligible. The funds must be transferred directly from your IRA to the charity; if you withdraw the funds first and then donate them, they will be included in your taxable income.

Impact on Tax Liabilities:

By making a QCD, you can reduce your taxable income, satisfy your RMD requirements, and make a meaningful impact on the causes you care about.



ELIGIBILITY & LIMITS

To be eligible to make a QCD, you must be at least 70½ years old. The maximum annual amount that can qualify for a QCD is \$100,000 per individual. If you are married and filing jointly, your spouse can also make a QCD from their own IRA for up to \$100,000.

SUMMARY

A Qualified Charitable Distribution is a powerful tool for those over the age of 70½ who want to support charitable causes while managing their tax liabilities. If you have any questions about making a QCD or have a suggestion for a future topic, please reach out to us at dtroyer@monetagroup.com.