

# Have you planned for your 2022 Qualified Charitable Distribution?

With a Qualified Charitable Distribution (QCD), you may be able to satisfy your traditional IRA's Required Minimum Distribution (RMD), lower your taxable income, and maximize your impact on a charitable organization, such as Perkins School for the Blind.

If you are 70.5 or older, you must take an RMD on your traditional IRA. Typically, you must pay taxes on all traditional IRA withdrawals, including RMDs. But with a QCD, your entire withdrawal will directly and fully be gifted to a charitable organization and your taxable income will be lowered by the full amount. This is a win-win for you and the charitable organization of your choice, such as Perkins School for the Blind.

## What is a Qualified Charitable Distribution?

A Qualified Charitable Distribution (QCD) is one of the most tax-efficient ways for mature donors to make charitable gifts. Also known as an IRA charitable rollover gift, a QCD is a direct transfer of funds from a traditional IRA account to a qualified charity. Typically, you can realize tax benefits either by increasing your itemized deductions — an option most individuals do not use — or by decreasing your taxable income, which is how QCDs work. With a QCD, you can lower your taxable income by as much as \$100,000 per year.

*Note: You may only make a QCD through a traditional IRA. Roth IRAs and 401(k)s are ineligible.*

## Who can make a Qualified Charitable Distribution?

Anyone 70.5 years of age or older can give up to \$100,000 as a tax-free gift, in the form of a QCD, from their traditional IRA account. Even though the SECURE Act raised the required minimum distribution (RMD) age to 72, the QCD age remains at 70.5, so QCDs can be used for charitable giving even before RMDs begin. QCDs are only available to IRA owners and IRA beneficiaries who are 70.5 or older and, for this rule, you must be at least 70.5 on the date of transfer.

## What are the enhanced tax benefits of QCDs for donors?

Beginning in 2022, two charitable tax breaks for making cash donations have been removed. First, the \$300/\$600 tax deduction for non-itemizers is no longer available; and second, the 100% of annual gross income itemized deductions goes back to 60%. This leaves fewer avenues to gain tax benefits for charitable gifts. That, in turn, makes QCDs more valuable since they can replace these tax breaks by lowering your taxable income.

## Which funds do not qualify for Qualified Charitable Distributions?

Donor-advised funds and private foundations do not qualify for QCDs. QCDs are meant for direct gifts from the traditional IRA. They are limited to \$100,000 annually per IRA owner, not per IRA account.