



# QUALIFIED CHARITABLE DISTRIBUTIONS

Maximize your charitable impact during retirement with a QCD.

At age 73, individuals must begin taking an annual required minimum distribution (RMD) from their tax-deferred retirement accounts. Required minimum distributions are treated as taxable income to the individual. In 2015, Congress passed the PATH Act, which allows individuals 70½ years or older to make a distribution from their retirement account directly to a charitable organization. These distributions, known as qualified charitable distributions (QCDs), are excluded from the donor's taxable income. Thus, a QCD offers a tax-advantaged way to maximize your charitable giving during retirement while lowering your adjusted gross income and satisfying the required minimum distribution required by the IRS.

# QUALIFIED CHARITABLE DISTRIBUTION FAQs

1. How old must you be to make a qualified charitable distribution (QCD)?	Donors must be 70½ or older to be eligible to make a QCD from their IRA.
2. What enables a gift to qualify as a QCD?	The funds must be withdrawn from an individual's IRA by the RMD deadline, typically December 31st, and must transfer directly from the IRA to the charity. The funds cannot pass through the donor's bank account, therefore the IRA custodian must issue a check payable to the charity, not to the individual. Individuals also have a one-time opportunity to use a QCD of up to \$53,000 to establish a Charitable Remainder Trust (CRT) or a Charitable Gift Annuity (CGA).
3. Can a donor claim a charitable tax deduction for their QCD gift?	No, but QCDs count toward the donor's required minimum distribution, while avoiding the income tax implication of an RMD.
4. What is the maximum amount a donor can give to a charity through a QCD?	Donors can gift up to \$105,000 per year to qualified charities.
5. Can donors make a QCD that exceeds their RMD for the year?	Yes. Donors may make a QCD in excess of their RMD. However, the excess distribution cannot be carried over to satisfy RMDs in future years. Still, the excess distribution would lower the total amount remaining in the individual's IRA, which could reduce their RMD amount in future years.
6. Can a QCD be given to several different charities? What charities qualify?	Yes, as long as the QCD is made to qualified charities. The charity must be a 501(c)(3) organization. A distribution to a donor-advised fund or private grant-making foundation does not qualify for treatment as a QCD.
7. Can a donor receive a personal benefit from a QCD?	No. As with all other charitable contributions, donors may not receive personal benefit (including goods and services) from QCDs.
8. Can you add other assets to a QCD-funded CRT or CGA?	No, you cannot add other assets to a QCD-funded CRT or CGA. Similarly, you cannot contribute a QCD to an existing CRT or CGA.
9. What is the maximum amount of a QCD-funded CRT or CGA?	A husband and wife could both potentially make \$53,000 IRA distributions into the same CRT or CGA, funding the instrument with a total of \$106,000.
10. Are QCD-funded annuity payments subject to tax?	Yes, QCD-funded annuity payments are taxed as ordinary income. This tax treatment is different from that of a CGA funded with other assets, which provides for partially-tax free payments. However, in a QCD-funded annuity, the donor avoids paying tax on the IRA distribution, and the taxable income is spread throughout the life of the donor.
11. Who can be the beneficiaries of a QCD-funded CRT or CGA?	Only the donor and their spouse can be the income beneficiaries of a QCD-funded CRT or CGA. This differs from a traditional CRT or CGA, which can benefit other people.
12. Can you make a QCD to a CGA or CRT each year?	No, under current law, you can only make a QCD to a CGA or CRT once in your lifetime. You can make a charitable distribution of up to \$53,000 to a CRT or CGA in one calendar year. If you distribute less than \$53,000 to a CRT or CGA, the remainder does not carry over to future years.
13. Does the \$53,000 distribution to a CGA or CRT count toward your \$105,000 annual limit for QCDs?	Yes, a \$53,000 QCD to a CGA or CRT counts towards your \$105,000 annual QCD limit. Each year, you can direct up to \$105,000 of IRA distributions to charity. If you elect to direct \$53,000 to a CGA or CRT, you would also be eligible to direct up to \$52,000 from your IRA in an outright charitable gift in the same calendar year.
14. Does a QCD to a CGA or CRT count toward the donor's required minimum distribution?	Yes, the QCD counts towards the donor's required minimum distribution.
13. Can a donor contribute to a donor-advised fund (DAF) through a QCD?	No. The IRS does not allow QCDs to be made to DAFs. However, if a donor receives a distribution from their retirement account (RMD or otherwise) and pays the income tax on the distribution, they may use the remaining cash to fund or contribute to their DAF.



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