

Discover a Savvy Way to Use Your IRA to Achieve Your Personal and Philanthropic Goals

Many of our donors ask about the most tax-efficient ways to make a gift to Riverside Healthcare Foundation. Learn more about the benefits of Qualified Charitable Distributions (QCDs)

What is a QCD (Qualified Charitable Distribution)?

A “QCD”, also known as an “IRA Charitable Rollover”, allows those aged 70 ½ and older to direct up to \$100,000 from their IRA to one or more charities each year. The QCD counts toward fulfilling their “required minimum distribution” (RMD) amount.

Will the donor get a charitable income tax deduction for a QCD?

QCDs do not generate a charitable income tax deduction. However, neither are they included in the donor’s RMD, which is subject to income tax. QCDs are especially attractive now because, with the doubling of the standard deduction amounts, many have lost the ability to deduct their charitable contributions (and other itemized deductions) that fall below their standard deduction amount. Accordingly, those who have not reached their RMD beginning date can still use the QCD to take advantage of this benefit, as long as they are 70 ½ or older.

How does a QCD work?

The IRA owner directs their IRA custodian (or administrator) to make the distribution. The custodian may ask for the charity’s legal name, address, telephone number, and employer identification number (EIN), which are provided below for the Riverside Healthcare Foundation.

Can a donor receive their RMD and then make a charitable contribution from its proceeds?

A donor may make a charitable contribution by writing their own check to the Riverside Healthcare Foundation from the proceeds of their RMD and be eligible for an income tax deduction, but the full amount of their RMD will be included in their taxable income.

What organizations are eligible to receive a QCD?

Only “qualified” public charities can receive a QCD. While most charities are eligible, a private foundation, donor-advised fund (DAF), or, so-called, “supporting organization” are not. Riverside Healthcare Foundation is a qualified public charity eligible to receive QCDs.

Are there any other restrictions on a QCD?

While a donor will be recognized by the charity for the amount of their QCD, they cannot receive any other benefits from it, such as tickets to a gala.

Anything else I need to know about QCDs?

Beginning 2023, the QCD rules have been expanded to permit a one-time \$50,000 QCD to fund a charitable gift annuity, charitable remainder annuity trust, or charitable remainder unitrust subject to certain restrictions (i.e., the donor and/or spouse must be the beneficiaries and all income received is taxed as ordinary income). Married couples filing jointly who both qualify for the QCD may combine their amounts for a \$100,000 limitation. As of 2024, the QCD amount will be indexed for inflation.

If you have any further questions about QCDs, please contact Ann Offermann at 815-933-7799 or aoffermann@rhc.net. Or, consult with your tax or financial advisor.