Ways to Support NCPeds: Qualified Charitable Deductions or QDCs

Qualified Charitable Distributions, or “QCDs,” are a very popular financial and charitable planning tool. Did you know you may be able to make a QCD to NCPeds or to the NCPeds Legacy Fund? Here are a few Frequently Asked Questions about QCDs; consult with your professional advisor to determine if this is a philanthropic strategy that may work for you.

What is the difference between a QCD and an RMD?

**Short answer:** Quite a bit! But a QCD can count toward an RMD.

**Long answer:** Everyone must start taking Required Minimum Distributions (RMDs) from their qualified retirement plans, including IRAs, when they reach the age of 73 (up from age 72 as of Jan. 2023). RMDs are taxable income. The Qualified Charitable Distribution, by contrast, is a distribution directly from certain types of qualified retirement plans (such as IRAs) to charitable organizations. When a taxpayer follows the rules, a QCD can count toward the taxpayer’s RMD for that year. And because the QCD goes directly to charity, the taxpayer is not taxed on that distribution.

I’m not yet required to take Required Minimum Distributions. Can I still make a Qualified Charitable Distribution?

**Short answer:** Yes – within a very narrow age window.

**Long answer:** You are required to start taking your RMD at age 73. However, you can begin making QCDs at age 70½.

How much can I give through a QCD?

**Short answer:** $100,000 per year.

**Long answer:** A QCD permits you (and your spouse from your spouse’s own IRA or IRAs) to transfer up to $100,000 each year from an IRA (or multiple IRAs) to a qualified charity. So, as a married couple, you and your spouse may be eligible to direct up to a total of $200,000 per year to charity from your IRAs and avoid significant income tax liability. The annual per-taxpayer $100,000 QCD cap is now slated to be indexed for inflation, which will allow you to give even more from your IRA.

Can I direct a QCD to NCPeds Legacy Fund?

**Short answer:** Yes!

**Long answer:** NCPeds Legacy Fund is our organization’s endowment held and professionally managed at the North Carolina Community Foundation. Known as an “agency fund,” this vehicle is available to receive QCDs from your IRA. QCDs may not be used to fund a donor advised fund.

Anything else I should know?

You may now make a one-time $50,000 QCD transfer to a charitable remainder trust (CRT). Note that the law effectively mandates that the CRT be created solely for the purpose of receiving a QCD because the new statute requires that the vehicle contain only IRA assets.