

MINDING YOUR QCD'S?

WHAT IS A QCD?

A TAX-SMART WAY TO GIVE TO RED CLAY RANCH

WHAT IS A QUALIFIED CHARITABLE DISTRIBUTION (QCD)?

- A **QCD** is a direct transfer of funds from your Individual Retirement Account (IRA) to a qualified charity like Red Clay Rescue.
- Instead of withdrawing money and then writing a check, your IRA custodian sends the money *directly* to RCR.
- This "direct transfer" is the key to unlocking the tax benefits.
- **Crucially:** A QCD is **NOT** included in your Adjusted Gross Income (AGI).



WHO IS ELIGIBLE TO MAKE A QCD?

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There is one simple, firm requirement:

Age: You must be 70½ or older on the day of the donation.

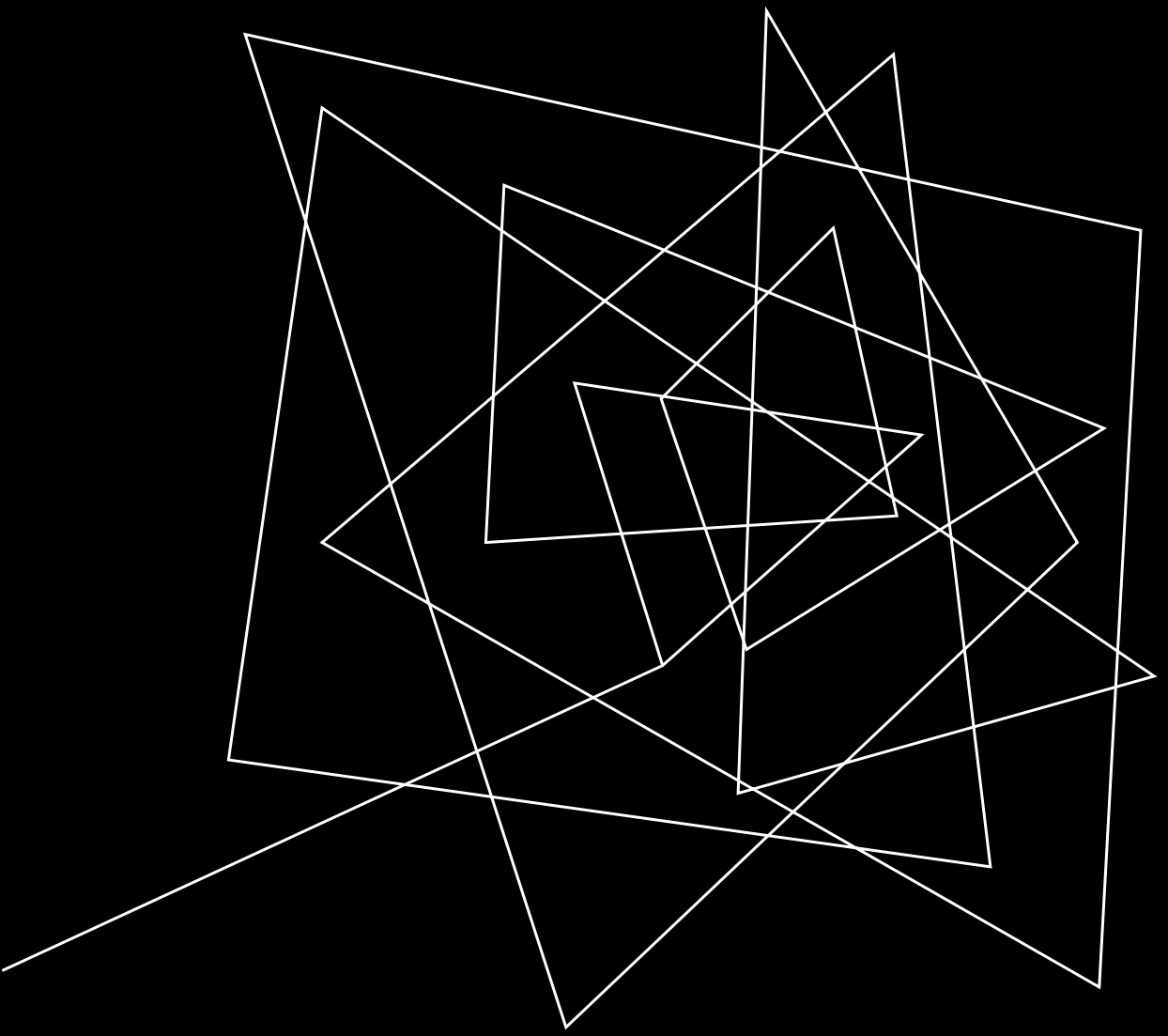
Note: This age (70½) is *different* from the age for Required Minimum Distributions (RMDs), which is currently 73. You can make a QCD *before* you are required to take RMDs.

Eligible Accounts:

Traditional IRAs

Inherited IRAs (if the beneficiary is 70½+)

Inactive SEP and SIMPLE IRAs



THE #1 BENEFIT: SATISFYING YOUR RMD

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This is the most powerful feature of a QCD.

Once you reach RMD age (currently 73), you *must* withdraw a certain amount from your IRA each year. This RMD is normally taxed as ordinary income.

A QCD counts toward your RMD.

Example:

- Your RMD for the year is $25,000.
- You make a **$25,000 QCD** directly to Red Clay Rescue.
- **Result:** You have satisfied $25,000 of your RMD for the year with no tax to you!

ADDITIONAL MAJOR TAX ADVANTAGES

Because the QCD is *excluded* from your income, it provides "below-the-line" benefits.

Benefits for Non-Itemizers:

- Tax law changes mean most people take the "standard deduction" and don't itemize.
- A regular donation gives you no tax benefit if you don't itemize.
- A QCD gives you the full tax benefit *even if you take the standard deduction.*

Lowers Your Adjusted Gross Income (AGI):

- By keeping your AGI low, a QCD can help you avoid:
  - Higher Medicare (IRMAA) premiums.
  - Taxes on Social Security benefits.
  - Phase-outs for other credits and deductions.



RULES & LIMITS TO KNOW

1. Annual Limit:

•You can contribute up to **$108,000** per person, per year (for 2025).

•This limit is indexed for inflation.

•A married couple can *each* contribute $108,000 from their *own* IRAs (total $216,000)

2. Eligible Charities:

•Must be a **501(c)(3)** organization (e.g., RCR, churches, food banks, universities, hospitals).

3. Ineligible Charities:

You **CANNOT** use a QCD to donate to:

•Donor-Advised Funds (DAFs)

•Private Foundations

•Supporting Organizations

How to Make a QCD

1. DO NOT withdraw the money yourself. If it lands in your personal bank account, it's a taxable distribution.

2. Contact your IRA administrator (e.g., Fidelity, Schwab, Vanguard).

3. Instruct them to make a direct transfer to the qualified charity.

Option A: They can mail a check directly to the charity.

Option B (Common): They can issue a check *payable to the charity* but mail it *to you*.

You then deliver the check to the charity.

4. Get a receipt. For tax purposes, you must get a written acknowledgment from the charity stating that you received no goods or services in return.

SUMMARY: QCD AT A GLANCE

Feature	Details
Who?	IRA owners **Age 70½ or older**.
What?	A direct donation from your IRA to RCR
How Much?	Up to **$108,000** (in 2025) per person.
Key Benefit 1	Counts toward your **Required Minimum Distribution (RMD)**.
Key Benefit 2	Donation is **excluded from your taxable income** (AGI).
Key Benefit 3	You get the tax benefit *even if you take the standard deduction*.
The Catch	Cannot be used for Donor-Advised Funds or Private Foundations.

THANK YOU!



Questions?

Disclaimer: This information is for educational purposes only. Consult with a qualified financial advisor or tax professional before making any QCD decisions.