

Tax-Free Charitable IRA: The Opportunity of a Lifetime



For individuals 70 1/2 and older, using an IRA to fund a Qualified Charitable Distribution (QCD) can be a tax savvy way to extend your philanthropic giving. A taxpayer 70 1/2 or older may annually transfer up to \$100,000 from an IRA directly to a qualifying nonprofit. At age 72, a QCD may satisfy applicable Required Minimum Distribution (RMD) requirements*, allowing the taxpayer to give more to favorite charities and possibly reduce income taxes.

How it Works

- You make a gift of up to \$100,000 by transferring IRA assets from your IRA directly to the Community Foundation (see available qualifying fund types below). You must be 70 1/2 years old or older to incorporate this planning idea. If married and both spouses have reached 70 1/2, each can transfer up to \$100,000 from his or her respective IRA annually.
- Your gift can be placed into a Community Foundation endowed charitable fund in your name, the name of your family, or in honor of any person or organization you choose.

** If you opt to take advantage of new tax rules as a result of the 2019 SECURE Act that allow for IRA contributions for qualifying taxpayers, amounts that may be transferred to qualifying charities via QCD may be impacted. Please consult with your tax or financial advisor to find out more about this provision and its possible impact.*

Choosing a Fund

While current law disallows QCD gifts to be used to establish or add to a Donor Advised Fund, several other fund types available allow you to support your community, a field of interest or a specific nonprofit. Endowed funds are invested and will grow over time. Grants addressing community needs or your specific charitable interests will be awarded from your fund in perpetuity.

- **Unrestricted Fund** – Support the need of the Richmond region annually. The Community Foundation awards strategic grants to projects and programs in the areas of Health and Wellness, Economic Prosperity, Educational Success and Community Vibrancy. We support positive growth and change in our community.
- **Field of Interest Fund** – Target your giving to causes important to you. The Community Foundation awards grants to programs addressing your specific interest area.
- **Designated Fund** – Support the mission of a specific nonprofit organization(s) with ongoing grants to help sustain their good work.

Donor Examples

- Example A -- A donor gifted his IRA distribution as a QCD to the Community Foundation's Fund for Community Vibrancy as a way to support local arts initiatives in the Richmond region.
- Example B -- A donor used her IRA distribution as a QCD several years to establish a designated fund for three of her favorite nonprofits, ensuring that her giving continues annually during her lifetime and in perpetuity.

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