

Qualified Charitable Distributions (QCDs)

What Are They?

QCDs are donations made directly from a traditional IRA to a qualified charitable organization. They are not included in income. QCDs count toward an individual's required minimum distribution (RMD).

What Is The Benefit?

QCDs reduce your adjusted gross income and potentially reduce your taxable income and the tax due.

You Qualify if:

- You are over 70 1/2
- You have a traditional IRA
- You are making charitable contributions
- The QCD is made directly from your IRA to the charitable institution
- Each individual can donate up to \$108,000 as a QCD (2025 amount, indexed for inflation each year) if all requirements are met (reduced by cumulative deductible contributions to an IRA made at age 70 1/2 or later).

How to Make a Qualified Charitable Distribution

1. Contact your IRA trustee or financial institution for their procedures for QCDs.
2. Determine the amount that you want to contribute and advise your IRA trustee or financial institution.
3. Keep proof of your contributions such as a statement from the charitable institution and from the paying institution.

When Preparing Your Return

1. Your 1099-R will show the full amount of the distribution as taxable income.
2. The taxable amount on the 1099-R will need to be reduced by the amount of your QCD.
3. Only the reduced taxable amount will be included in your taxable income.
4. Since QCDs are not included in income, if you itemize your deductions, they are not allowable as charitable contributions.
5. Include proof of your contributions with tax documents for the year.