

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS



Qualified Charitable Distributions Revealed Q&A

Date: September 26, 2024
 Time: 1:00 – 2:00 Eastern
 Presenters: Jeff Lydenberg
 Kara Morin

0

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

Agenda

- The Origin Story – The Pension Protection Act of 2006/Path Act 2015
- QCD Outright Gifts Basics
- QCD Outright Gift Limitations
- The Reboot – The Secure 2.0 Act of 2022
- QCD Life Income Gift Basics
- QCD Life Income Gift Limitations
- QCD Decision Tree
- Q&A

9/26/2024

1

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

The Origin Story

**QCDs Introduced by The Pension Protection Act of 2006
 Internal Revenue Code Sec. 408(d)(8)**

TITLE XII—PROVISIONS RELATING TO EXEMPT ORGANIZATIONS

Subtitle A—Charitable Giving Incentives

SEC. 1201. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

“(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

9/26/2024

2

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

QCD Outright Gift - Basics

- Donor must be 70 ½ or older
- Must go directly from the IRA custodian to the charity
- Date of gift is the date the QCD assets leave the donor's account
 - ✓ Donors who can write checks against their IRAs but must clear custodian's account before year-end
- Annual cap started at \$100k, now is indexed for inflation
 - ✓ 2024 QCD limitation is \$105k
- Counts towards a required minimum distribution (RMD), but is not limited to RMD
- **No deduction**, tax benefit is avoiding taxation on the withdrawal

9/26/2024

3

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

QCD Outright Gift - Limitations

- Traditional IRAs and Roth IRAs only
 - ✓ No 403(b)s or 401(k)s
- Cannot be used to make a gift to a supporting organization or a donor advised fund
- No *quid pro quo*
 - ✓ No membership fees
 - ✓ No gala tickets

“(C) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—For purposes of this paragraph, a distribution to an organization described in subparagraph (B)(i) shall be treated as a qualified charitable distribution only if a deduction for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

9/26/2024

4

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

The Reboot - The SECURE 2.0 Act of 2022

Expands the definition of Qualified Charitable Distributions to include life income gifts IRC Section 408(d)(8)(F)

6 SEC. 307. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION.

7

8

9

9/26/2024

5

PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

QCD Life Income Gift - Basics

- Donor must be 70 ½ or older
- Must go directly from the IRA Custodian to the charity
- Date of gift is the date the QCD assets leave the donor's account
- Annual cap started at \$50k, now is indexed for inflation
 - ✓ 2024 QCD limitation is \$53k
- **Allowable in one tax year only**
- Counts towards a required minimum distribution (RMD), but is not limited to RMD
- Can support multiple charities in the same year
- **No deduction**; tax benefit is avoiding taxation on the withdrawal
- Payments are **all ordinary income**
- Immediate CGAs and CRTs only; no DGAs

9/26/2024

6

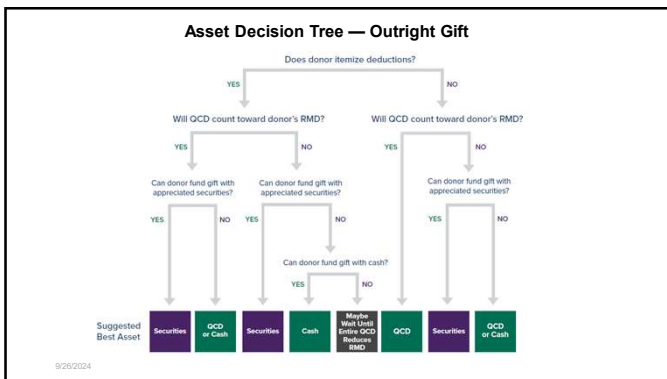
PG Calc YOUR PARTNER IN PLANNED GIVING SUCCESS

QCD Life Income Gift - Limitations

- Life income beneficiary must be donor and/or donor's spouse
- Payments must be *non-assignable (including to charity)*
- Payout rate must be at least 5%
- QCD CGA must pass the 10% test (even though there is no deduction)
- The QCD must be the only asset given, no combination of funding assets, or trust additions, allowed
- Like the outright QCD, this cannot be used to make a gift to a supporting organization or a donor advised fund
- Payments to annuitants or trust beneficiaries are all ordinary income
- There is no charitable deduction

9/26/2024

7



8
