# The ABCs of QCDs

Why Qualified Charitable Distributions (QCDs) are a Tax-Smart Way to Give from your IRA.

AFM

## 1 What is a QCD?

A qualified charitable distribution (QCD) is a donation to a charitable organization directly from your IRA.

## 2 Basic Requirements

- Must be at least 70½ at the time of the gift
- Donate funds from your IRA or inherited IRA
- Given directly from your IRA to an eligible 501(c)(3) organization
- No more than $111,000 for 2026 per taxpayer
- Important: You cannot gift to a donor advised fund (DAF)

## 3 Why Consider a QCD? Three Key Benefits:

### A Potential Tax Advantages

Money taken from an IRA is normally taxed at ordinary income rates. However, unlike other charitable giving methods that deduct the contribution from your income, a QCD excludes the distribution from your income entirely.

This difference may give you ancillary benefits by allowing you to deduct more of your state & local taxes and medical expenses or even reduce your Medicare premiums.

### B Counts Toward Your RMD

If you don't need the full amount of your required minimum distribution (RMD), QCDs can be a powerful way to reduce your taxes while benefiting causes that are important to you.

Not only does the amount of the distribution get excluded from your income, it also helps to satisfy the total that you need to withdraw for your RMD before the end of the year.

### C An Estate Planning Tool

Tax-deferred accounts like the traditional IRA and 401(k) are among the most expensive assets for your beneficiaries to inherit. In addition to reducing your taxable income now, QCDs can help you reduce the balance of these expensive accounts, allowing you to more tax-efficiently pass your money to your heirs.

## 4 Information to Have Ready

**Name of Organization**

The legal name of the charitable organization.

**Website / Contact Information**

A link to the organization's website or the contact information of a trusted member of the organization.

**Amount of Gift**

The dollar amount you would like to distribute from your IRA, and if this will be a recurring, annual gift.

**Giving Instructions**

Any instructions for specific causes or projects within the organization that you would like the funds to be directed to.

**Time-Sensitive Considerations**

The date(s) of any time-sensitive gift(s) or deadline(s).


**Contact Us**

1800 M Street NW, Suite 1010-S
Washington, DC 20036
202 887-8135