QCDs: Good news and important reminders

Qualified Charitable Distributions, or "QCDs," have been in the news a lot lately, especially in light of proposed SECURE Act 2.0 legislation that passed the House of Representatives in March and is now pending in the Senate.

Through a QCD, starting at age 70½, your client can instruct the administrator of an IRA to direct up to $100,000 per year to a qualified charity. This helps your client's tax situation because the client does not need to report the amount of the QCD as taxable income.

Here are four important reminders about QCDs:

- Even though the SECURE Act changed the Required Minimum Distribution (RMD) age to 72 from 70 ½, the QCD age is still 70 ½.
- QCDs cannot be made to donor-advised funds, but your client *can* set up a field-of-interest or unrestricted fund at the community foundation to receive a QCD.
- Under a version of the proposed SECURE Act 2.0 legislation, QCDs would be indexed for inflation. In addition, proposed legislation would allow a client to make a one-time QCD of up to $50,000 to a charitable remainder trust or other split-interest entity.
- Finally, be sure to help your clients coordinate their QCDs with their Required Minimum Distributions. Proper planning will help avoid troublesome tax pitfalls.

Please reach out to the team at the community foundation to learn more about QCDs and how your client can establish a fund to support financial and tax goals as well as charitable giving goals.