

# IRA CHARITABLE DISTRIBUTION FAQ

SAVE TAXES WITH A CHARITABLE GIFT FROM YOUR IRA

Consider making a Qualified Charitable Distribution from your Individual Retirement Account. It's a great way to save taxes and maximize your impact on the hospital and the healthcare needs of our community.

## What is a Qualified Charitable Distribution (QCD)?

The QCD is a direct transfer of funds from your Individual Retirement Account (**IRA**) to a qualified charitable organization, like The Chester County Hospital Foundation.

## Who is eligible to participate?

Anyone who is 70½ or older on the day the charitable distribution is made from the IRA. This is different than the age for required minimum distributions, which is 73 in 2024.

## What are the benefits of giving from an IRA?

- For those age 73 or older, a QCD can satisfy all or part of the required minimum distribution (**RMD**).
- There are no taxes paid on the amount distributed to a charity. This is beneficial to donors who don't itemize deductions on their tax return.
- The QCD amount is excluded from Adjusted Gross Income (AGI), which may help lower taxes on Social Security benefits and reduce Medicare premiums.

## How do I make a QCD from my IRA?

Your financial institution must transfer funds directly to The Chester County Hospital Foundation, usually in the form of a check. If the check is made payable to you and later donated, it does NOT qualify as a charitable distribution. The check can be mailed to you, as long as it is payable to the Foundation. Keep a copy of our acknowledgment letter and let your tax preparer know that you made a QCD.

## What types of retirement accounts can be used to make a QCD?

Only pre-tax IRAs and inactive SEP and Simple IRA accounts can be used. QCDs cannot be made from 401k, 403b or other employer-sponsored plans. Working with your advisor, you may be able to transfer funds directly from one of these plans into an IRA after taking the current year's RMD. Next year you'll be able to make a QCD from the IRA. QCDs should not be made from a Roth plan.

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## What is the minimum or maximum I can contribute from my IRA?

- Although there is no minimum amount you must contribute, you should check with your financial institution to determine if it has established minimum distribution amounts.
- The maximum you can contribute to all charities combined is \$105,000 in 2024, per individual, provided each person is 70½ and has sufficient funds in their own IRA. Both spouses can contribute this amount, as long as these criteria are met.

## When should I make a QCD from my IRA?

To qualify towards the current year's required minimum distribution from your IRA, The Chester County Hospital Foundation must receive your gift by December 31 of that year. We recommend making the QCD early in the year, before taking any portion of your RMD, and no later than November 30. This is particularly important if you have check writing privileges on your IRA because your check must clear your account before December 31 to count towards this year's RMD. Please contact your tax professional if you have questions about the timing of your gift.

## Can I use a QCD from my IRA to satisfy an existing pledge?

Yes. QCDs may be used as pledge payments.

## Can I use my IRA to fund a charitable gift annuity?

Yes. In 2024, individuals age 70½ or older can make a one-time distribution up to \$53,000 from an IRA to fund a charitable gift annuity (**CGA**). There is no deduction for this type of CGA because the QCD from the IRA is made tax-free. The distribution also counts towards the donor's RMD for those 73 and older. Consult your advisor before establishing a CGA.

## Are there any prohibited uses of a QCD?

QCDs cannot be made to donor advised funds, supporting organizations, or private foundations. In addition, you may not receive any goods or services in return for your gift, such as gala tickets.

Make checks payable to "The Chester County Hospital Foundation" and mail to **701 E. Marshall Street, West Chester, PA 19380**. In the check memo list the account holder's name and "IRA Charitable Distribution."

*The Chester County Hospital Foundation does not offer tax or legal advice, and encourages donors to consult with their advisors before making a qualified charitable distribution from an IRA. See IRS Publication 590-B for more information.*