Donating your IRA distributions to a charity

A qualified charitable distribution (QCD) is a distribution from a traditional or Roth IRA made directly by the IRA trustee to a qualified charitable organization when the IRA owner is age 70½ or older. A QCD may satisfy the client's required minimum distribution (RMD) and, for 2024, up to $105,000 of QCDs may be excluded annually from an individual's taxable income. Also for 2024, distributions are limited to a one-time (lifetime) $53,000 donation to fund a charitable remainder unitrust (CRUT), charitable remainder annuity trust (CRAT) or charitable gift annuity (CGA).

Eligibility

A qualified charitable distribution may be made:

- When the IRA holder is age 70½ or older
- Directly from the IRA to a qualified charity
- From a traditional or Roth IRA

Qualified charities

Generally, a qualified charity includes most public charities that are eligible to receive tax-deductible contributions — including religious institutions, certain veterans' organizations, fraternal societies and community foundations that provide scholarships.

Limitations

Restrictions set on QCDs include the following:

- Distributions must be transferred to the charity no later than Dec. 31 of the current tax year.
- Deductible contributions made during or after the year an individual reaches age 70½ will reduce the amount that may be excluded.
- QCD must be a direct IRA distribution from the IRA custodian or trustee to a qualified charity.
- Not all charitable organizations qualify.
- QCDs are applicable only for traditional and Roth IRA distributions (excludes SEP and SIMPLE IRAs).

Making a QCD provides an opportunity to make a charitable contribution that you might otherwise not have been able to make and/or receive potential tax benefits for charitable contributions that you are already making. You should consult your tax advisor and estate-planning attorney about your situation. Edward Jones, its financial advisors and employees do not provide tax or legal advice.

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Key benefits

- **For those who give larger gifts** — Deductibility limits do not apply to QCDs, which means the QCD can be made in addition to other charitable contributions that may be limited by the annual maximum deductible percentage of income or phaseouts of itemized deductions.
- **For those who don't itemize deductions** — If QCDs are used as the funding source for charitable donations, the donor will receive tax benefits when there otherwise would have been none due to the use of the standard deduction.
- **For those who pay taxes on a portion of their Social Security benefits** — Income for determining the taxation of Social Security benefits is lower than if the IRA holder had taken the RMD, potentially reducing this taxation.

For those whose income level subjects them to tax on net investment income, or phaseout of personal exemptions or itemized deductions — A QCD made in lieu of an RMD will result in lower adjusted gross income for the IRA holder, which may lessen the effect of this tax or applicable phaseouts.

Tax Reporting

- As IRA custodian, Edward Jones will issue a Form 1099-R for the year in which the distributions occurred. For Money Market checks, the Form 1099-R will be issued for the year in which the check cleared the bank.
- The QCD amount distributed from a Traditional or Roth IRA will be reported as a distribution on Form 1099-R with the corresponding Reason Code in Box 7 because IRA custodians do not determine whether a distribution satisfies the requirements for treatment as a QCD. You should work with your tax professional to verify the distribution meets QCD requirements and is reported properly.
- Note: Clients cannot claim a charitable deduction for any QCD excluded from their taxable income.

Edward Jones, its employees and financial advisors cannot provide tax or legal advice. You should consult your attorney or qualified tax advisor regarding your situation. This content should not be depended upon for other than broadly informational purposes. Specific questions should be referred to a qualified tax professional.



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