

Qualified Charitable Distributions

If you're age 70½ or older, you can make a tax-free Qualified Charitable Distribution (QCD) from your IRA to your own personalized fund at Greater Worcester Community Foundation. Doing so is a simple and smart way to support your favorite charitable interests.

Those 70½ or older can make a Qualified Charitable Distribution — often called an IRA Rollover gift — directly from an IRA to a local community foundation. This gift counts toward your required minimum distribution (RMD) and is excluded from federal taxable income.

Common Definitions

- **Individual Retirement Account (IRA):** A tax-favored personal savings arrangement, which allows you to set aside money for retirement. You can set up an IRA with a bank, insurance company, or other financial institution.
- **Qualified Charitable Distribution (QCD):** A tax-free transfer of funds from an IRA to a qualified charity.
- **Required Minimum Distribution (RMD):** The minimum amount you must withdraw from your retirement accounts each year once you hit a certain age.

Charity Over Taxes

After decades of deliberate saving, many retirees have more in their IRAs than they need. Instead of passing these assets to heirs — who may receive less than 50% after taxes — consider leaving your IRA to a qualified charity. It's a powerful way to make a lasting impact.

Smart Giving Strategies

Because charitable IRA transfers are not included in taxable income and are not available for itemized charitable deductions, these special rules may benefit different types of individuals:

Generous Donors

If you give more than you can deduct in one year, a QCD avoids the deduction limits entirely — no carryovers, no missed benefits.

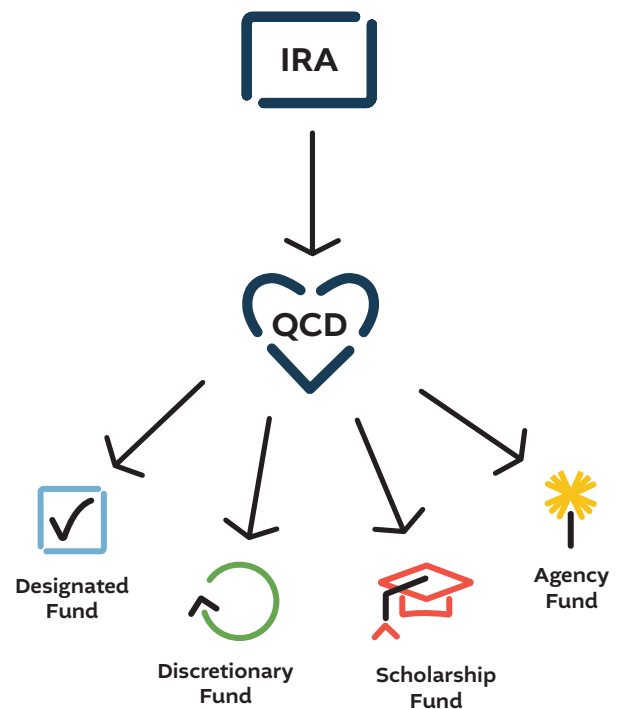
Non-Itemizers

QCDs offer a tax break even if you don't itemize, making your charitable giving more efficient.

Financially Comfortable

If you don't rely on IRA income for living expenses, you can use your RMD to support causes you care about — tax-free and hassle-free.

One Gift, Many Possibilities



With a QCD, you can...

- ... set up a **designated fund** to support your church, alma mater or other causes with an annual gift in your name, forever.
- ... create a **discretionary fund** in your name to help the Foundation be responsive to community needs.
- ... establish a **scholarship fund** that will support the school of your choice or students who meet criteria you set in perpetuity.
- ... support your favorite nonprofit by contributing to their **endowment fund**.

Because we are a 501(c)(3) charity, you can make Qualified Charitable Distributions to Greater Worcester Community Foundation. We will then distribute your donation to nonprofits in accordance with your unique charitable wishes.

It's easy: just ask your IRA administrator to transfer a specific amount directly to Greater Worcester Community Foundation. Unlike a one-time gift to a single nonprofit, a fund at GWCF offers flexibility, legacy potential, and even anonymity if you wish.

Frequently Asked Questions

Is an IRA the only eligible source for Qualified Charitable Distributions?

Almost. An individual can make a QCD directly to an eligible charity from a traditional IRA or an inherited IRA. If the individual's employer is no longer contributing to a Simplified Employee Pension (SEP) plan or a Savings Incentive Match Plan for Employees (SIMPLE) IRA, the individual may use those accounts as well. In theory, a Roth IRA could be used to make a QCD, but it is rarely advantageous to do that because Roth IRA distributions are already tax-free.

What is the difference between a QCD and an Required Minimum Distribution?

A QCD can count toward an RMD. Everyone must start taking Required Minimum Distributions from their qualified retirement plans, including IRAs, when they reach the age of 73. RMDs are taxable income. The Qualified Charitable Distribution, by contrast, is a distribution directly from certain types of retirement plans (such as IRAs) to certain types of charities. A QCD can count toward the taxpayer's RMD for that year. And because the QCD goes directly to charity, the taxpayer is not taxed on that distribution.

Can a taxpayer make a QCD even if the taxpayer is not yet required to take RMDs?

Yes – within a narrow age window. The required date for starting RMDs used to be 70 ½, but has now increased to 73. A corresponding increase was not made to the eligible age for executing QCDs; that age is still 70 ½.

Can my client direct a QCD to a fund at the community foundation?

Yes, if it's a qualifying fund. While donor advised funds are not eligible recipients of QCDs, other types are, including unrestricted funds, field of interest funds, designated funds, scholarship funds and endowment funds established by nonprofit organizations.

How much can my client give through a QCD?

\$108,000 per individual, as of 2025. A married couple may be eligible to direct up to a total of \$216,000 in 2025 to charity from IRAs and avoid significant income tax liability.

Meet the Joneses

Robert and Sylvia Jones are enjoying retirement at the age of 73. They have a diversified portfolio including traditional IRAs and have an annual joint RMD of \$24,000.



	Outright Gift (Cash)	QCD from IRA
Donation Amount	\$10,000	\$10,000
Source of Funds	Checking or investment account	Traditional IRA
Taxable Income Before Gift	\$249,000	\$249,000
Gift Impact on Taxable Income	No reduction	-\$10,000
Adjusted Gross Income (AGI)	\$249,000	\$239,000
Standard Deduction	-\$32,300	-\$32,300
Taxable Income	\$216,700	\$206,700
Federal Tax (24% bracket)	\$44,464	\$42,064
Tax Savings	---	\$2,400
Other Considerations	Must track gifts to multiple charities	Can give through a single fund at GWCF for easier, one-time planning

For more information visit www.greaterworchester.org/giving or contact Kelly Stimson at 508-755-0980 ext. 112 or kstimson@greaterworchester.org.

