Giving through Your IRA: QCDs and RMDs

For many donors, giving through an **Individual Retirement Account** (**IRA**), or a **401K Account** is very tax-efficient.

Qualified Charitable Distributions (QCDs)

- If you are 70½ or older, you can give directly from your IRA to a qualified charity – this is called a Qualified Charitable Distribution. QCDs are not allowed from 401K accounts.
- You can give up to $108,000 (or $216,000 for married couples) in 2025 directly from your IRA. In 2026 these numbers will increase to $111,000 for individual gifts and$222,000 for married couples.
- A QCD reduces your taxable income, even if you don't itemize deductions.
- Because the gift goes directly to charity, it is not taxed as income to you and counts toward your Required Minimum Distribution (RMD) once you reach the eligible age.

Required Minimum Distributions (RMDs)

- Once you turn 73, the IRS requires you to withdraw a set amount from your IRA or 401K each year – this is your RMD.
- If you do not take your RMD, you may face a penalty tax on the amount not withdrawn.
- By directing part or all of your RMD from your IRA to a qualified charity (via a QCD), you can satisfy your RMD and reduce your taxable income at the same time.

Please consult your financial advisor before making any charitable gifts.

Other Ways to Give

- Gifts of stock or mutual funds might help you avoid capital gains tax on appreciation. For Transfer instructions please call the Office of Charitable Giving or *The Catholic Foundation* at 815-399-4300.
- You can recommend distributions from your Donor Advised Fund to charities. You can also establish such a fund with *The Catholic Foundation.*
- Charitable Gift Annuities can help you obtain a dependable, secure, and unchanging life income with the intention of benefitting your parish, Catholic school, or the diocese. Rates are available here: https://www.acga-web.org/current-gift-annuity-rates. You can establish a Charitable Gift Annuity with *The Catholic Foundation* with a minimum of $5,000.

Please remember the Church in your estate planning.

Office of Charitable Giving (815) 399-4300