

Legacy Qualified Charitable Distributions

What is a Legacy QCD Gift?

A Legacy Qualified Charitable Distribution (Legacy IRA QCD) is a one-time opportunity, created under the SECURE Act 2.0 (effective January 1, 2023), that allows an IRA owner age 70½ or older to make a direct transfer from their IRA to a public charity to fund a Charitable Gift Annuity (CGA) or Charitable Remainder Trust (CRT).

What are the benefits?

- Counts toward the donor's Required Minimum Distribution (RMD).
- Not included in the donor's taxable income.
- Reduces Adjusted Gross Income (AGI), which may lower the taxable portion of Social Security and keep Medicare premiums down.
- Provides fixed payments for life to the donor and/or spouse.
- Creates a lasting charitable legacy while offering lifetime income.

Who should consider giving a Legacy QCD?

This option may be attractive to IRA owners age 70½ or older who:

- Want to reduce taxable income while meeting RMD requirements.
- Would like to support a favorite charity in a significant way.
- Seek a predictable stream of lifetime payments for themselves or their spouse.
- Prefer a one-time gift that also establishes a philanthropic legacy.

What are the requirements to give a QCD?

- Donor/IRA owner must be age 70½ or older.
- Only the donor and/or the donor's spouse can be the income beneficiaries.
- Maximum amount in 2025 is \$54,000 (adjusted annually for inflation).
- The gift must come directly from the IRA and cannot be combined with other assets.
- Counts toward that year's overall QCD limit (\$108,000 in 2025).
- Payments received are 100% ordinary income.
- No charitable deduction is allowed (tax savings come from exclusion from income).

Other Considerations

- This is a one-time giving opportunity, unlike standard annual QCDs.
- The entire Legacy IRA QCD contribution (not just the charitable portion) counts toward the donor's RMD.
- Careful planning is important to align with retirement income needs and charitable goals.
- Since payments are fully taxable as ordinary income, donors should weigh the income stream against other planning options.