

Qualified Charitable Distributions (QCDs)

Everything donors need to know about QCD gifts in 2025.

What is a QCD?

A QCD is a lifetime gift **directly from an IRA to a public charity**. It can be an outright gift to the charity or to an endowment fund benefiting the charity.

What are the benefits of QCDs?

- The QCD amount will not be counted toward the IRA owner's taxable income.
- The QCD amount *does* count toward the IRA owner's Required Minimum Distribution.
- Making a QCD reduces the IRA owner's Adjusted Gross Income (AGI) — potentially reducing taxes on Social Security income and keeping Medicare premiums lower.
- QCDs are especially beneficial for taxpayers whose total deductions don't exceed the standard deduction, since the tax savings come from lowering reportable income.

Who should consider giving a QCD?

- IRA owners aged 70 ½ or older who want to make charitable gifts in a tax-efficient way.
- Taxpayers who don't itemize deductions but want the benefit of reducing taxable income through charitable giving.
- Philanthropically-minded individuals who want to make a tangible impact in their community or beyond.

What are the requirements to give a QCD?

- The IRA owner must be 70 ½ or older at the time of distribution.
- The total amount of QCDs permitted is limited to **\$108,000** for 2025 (annual cost-of-living adjustments are made each year).
- Only a distribution from an IRA qualifies; distributions from 401(k), 403(b), or other types of retirement accounts don't qualify.

Other Considerations

- A distribution from an IRA to a Donor Advised Fund (DAF) or Private Foundation (PF) is not a QCD. In this case, the IRA owner must include the distribution in income but may take a charitable income tax deduction for the gift.
- The IRA owner is not entitled to a charitable income tax deduction for a QCD — the benefit is that the distribution is excluded from taxable income.