



## Charitable Giving Tax Strategy

# IRA Qualified Charitable Distributions

If you have a tax-deferred individual retirement account (IRA) and you are age 70 1/2 or older, the IRS requires you to withdraw a certain amount from your IRA each year. This is called a required minimum distribution, or RMD, and it increases your total taxable income. However, if the IRA distribution goes directly to a charity, it is tax-free up to \$100,000 per year. The IRS refers to this nontaxable distribution as a qualified charitable distribution, or QCD. While the IRS has strict limits on QCDs, we have some options you can consider.

**We can help  
set up the best  
fund for you.**

### Designated Fund

If you plan to support one specific charity with your QCD, you can create a designated fund to receive the distribution. You may wish to stagger your donation to the charity over multiple years, rather than making the donation in one lump sum. Setting up a designated fund to receive the distribution gives you the freedom to donate to the charity on your timeline. You can set up additional designated funds if you wish to support more than one charity.

### Scholarship Fund

If you want to support education with your QCD, you can establish a scholarship fund to receive the distribution. You can set the award criteria and serve on a selection committee to choose the scholarship recipients. We promote the scholarship opportunity, accept applications, verify students' eligibility and process scholarship payments. The minimum amount required to open a scholarship fund is \$50,000.

Assets held in designated funds and scholarship funds are invested, and the growth is tax-free. You choose how your fund is invested, whether it is in our investment pools or with your financial advisor.

Donor advised funds are not eligible for QCDs, but donations to donor advised funds are tax deductible, so we suggest working with your financial advisor or tax consultant to determine the best option for your situation.

### Contact Us

Questions? Contact our donor services team at [info@longbeachcf.org](mailto:info@longbeachcf.org).