



Qualified Charitable Distributions

A Special Gift Opportunity for Those 70½ Years or Older

What is a Qualified Charitable Distribution?

You can give any amount (up to a total annual maximum of \$105,000 for 2024) per year from your traditional IRA directly to qualified public charities such as the Glen Canyon Institute without having to pay income taxes on the money. Gifts of any value up to the annual total of \$105,000 in 2024 are eligible for this benefit and you can feel good knowing that you are making a difference at the Glen Canyon Institute. This is called a qualified charitable distribution, or QCD for short. See IRS Publication 590-B (2023) for details.

Why Consider This Type of Gift?

- You pay no income tax on the gift. The transfer from your IRA directly to the qualifying charity generates neither taxable income nor a tax deduction. Therefore, you benefit even if you do not itemize your deductions. If you itemize deductions, this gift may not be also claimed in your itemized deduction total as that would be “double dipping.”
- Your eligibility to make these gifts begins on the day you turn 70½. For example, if you turn 70½ on October 11, then in that year (ending on December 31), you can execute these gifts up to the annual maximum. Your total QCDs are not included in your taxable income for the year.
- Since these gifts don’t count as income, they will reduce your annual taxable income level. This may help keep your Medicare premiums lower and maybe decrease the amount of Social Security benefits that are subject to income tax.
- Because the QCD is not taxable, this type of gift is a win-win situation. It’s a win for you because you can make it directly to the charity, and pay no tax. It’s a win for the charity because if you wanted to make a donation of, say, \$500, it might cost you \$632. The check you write out of your account, \$500; plus Federal tax, \$110 (if your tax rate is 22%); plus state income tax, \$22 (Colorado Income tax rate of 4.4%). So your \$500 gift will cost you \$632. When using the QCD opportunity (direct payment from your IRA to the qualifying charity) this will only cost you \$500 and the charity gets it all.
- Finally, if you are of the age that requires you to take “RMDs” (Required Minimum Distributions) from your IRA, then there’s another win for you

when you use the QCD method of making charitable gifts. The total amount you give to charities that year through QCDs will count toward your RMD requirement.

- Usually it's easy – you request a QCD from your IRA custodian (for example: Fidelity, Schwab, T. Rowe Price, Vanguard, or another firm). You must provide the legal name of the donee, for us that is **Glen Canyon Institute** and the TIN (Tax Identification Number) for the Glen Canyon Institute, which is **84-1375975**. Your IRA custodian will send you a check made out to the Glen Canyon Institute, and then you send it to us. The Glen Canyon Institute will send you an acknowledgement letter for your records. Even though it's not an "itemizable deduction," you must have the same type of acknowledgment of your contribution that you would need to claim a deduction for a charitable contribution. See *Substantiation Requirements* in IRS Publication 526 for these details.

It may be wise to review your personal details with a tax advisor so you make the best choice and get the best benefit. A QCD is becoming a popular way to make contributions, whether it's \$100, \$1000, or more. There may be annual changes to the limits; the changes for QCDs in 2024 include:

1. In 2024, the age when RMDs start has risen to 73 (it was previously 72).
2. In 2024, the maximum total for annual QCDs was increased (an adjustment for inflation) to \$105,000. Previously, it had remained at \$100,000 for several years. The total maximum may be adjusted again each year depending on annual inflation.