

QUALIFIED CHARITABLE DISTRIBUTION

A tax-wise gift from your individual retirement account (IRA)

A qualified charitable distribution (QCD) enables donors age 70½ or older to transfer up to \$100,000 directly from the donor's IRA (or IRAs) to a qualified charity each year. Utilize this tax-savvy giving strategy to support the areas at Duke you care about most.

Benefits

For you

- Satisfy your annual required minimum distribution (RMD) if you are at least 73 years old.
- Avoid or defer additional taxable income, which may allow you to avoid taxation at a higher tax bracket.
- Direct the funds to support the Duke students and programs most important to you.

For Duke

- Apply this unique gift to make an immediate impact at Duke or an impact on Duke's future.
- Satisfy your multi-year pledges to the Annual Fund and other areas at Duke.
- Have your gift count toward your Duke reunion year.
- Create or add to an existing permanent endowment in your name or in memory of a loved one.

How to get started

1. Check with your financial advisor about whether this type of gift is right for you. If it's a good fit, your advisor or account administrator can help you initiate the QCD transfer.
2. Contact Duke's Office of Gift Planning today to inform us of your gift. Our charitable planning professionals are available to work with you and your financial advisors.
3. Your IRA custodian can send the check to:
Duke University, Alumni and Development Records
Box 90581, Durham, NC 27708
Phone: 919-684-2338 Tax ID: 56-0532129

Factors to consider

- As of January 1, 2023, taxpayers generally must begin taking required minimum distributions from IRAs at age 73. The donor must be at least 70 ½ on the date of the QCD gift.
- The QCD is available only for gifts from a traditional IRA and not from any other type of retirement plan such as 401(k), 403(b), 457, Keogh, ESOP, etc.
- The QCD is allowed only for outright gifts to a qualified public charity like Duke for which the donor receives no benefits, with one exception: under certain circumstances, a QCD may be used to establish a charitable gift annuity that will make payments to the donor and/or spouse.
- The donor can give up to \$100,000 each year from their IRA(s). A couple with separate IRAs can donate up to \$100,000 each from their respective IRAs. Different rules apply if a QCD is used to establish a charitable gift annuity.
- You may save on taxes since a QCD transfer is not typically subject to federal income tax, unless made from documented after-tax contributions to the IRA. Some states treat the QCD like a withdrawal for state tax purposes, but this varies from state to state. There is no charitable income tax deduction for the QCD transfer.
- The gift should be transferred from the IRA directly to the charity. The donor should not accept any distribution of funds intended for a QCD.
- Please check with your financial advisor to determine how a QCD gift will impact you.

Example of how a QCD might be a tax-wise

move: A donor who withdraws funds directly from her traditional IRA may have to include the withdrawal in her adjusted gross income (AGI). If she then makes a charitable gift to Duke, she would need to itemize her deductions to get a tax benefit from that gift. By contrast a QCD is not a taxable withdrawal and does not increase AGI, so the donor may avoid taxation without itemizing, and the QCD may help her avoid higher Medicare premiums and retain eligibility for other tax credits and deductions.

Another option

QCD to establish a charitable gift annuity:

Starting in 2023, a qualifying taxpayer can transfer funds from an IRA to establish a charitable gift annuity, which would provide a fixed payment to the donor and/or a spouse for their lifetimes. After their lifetimes, the remainder of the gift would be used to support the donor's favorite areas at Duke. Requirements and restrictions apply; contact Duke's Gift Planning Office to learn more.

Connect with us to get started

Duke University's Office of Gift Planning has charitable planning professionals available to work with you and your financial advisors.

EMAIL: giftplanning@duke.edu

PHONE: (919) 681-0464

WEBSITE: giving.duke.edu/giftplanning

BLOG: giving.duke.edu/blueprints

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