

ESTABLISH A CHARITABLE GIFT ANNUITY WITH A QCD TRANSFER FROM AN IRA

Taxpayers who are 70 ½ or older can establish a charitable gift annuity with a qualified charitable distribution (QCD) from their individual retirement account. Utilize this tax-savvy giving strategy to support the areas at Duke that you care about most.

With a charitable gift annuity, a donor makes a gift to a public charity (like Duke!) in exchange for a fixed, lifetime payment. While taxpayers have established gift annuities with gifts of cash or stock for many years, the ability to establish a gift annuity with a transfer *from an IRA* is new.

Benefits of using a QCD to establish a charitable gift annuity

- If you are 73 or older, your QCD contribution will **count toward your required minimum distribution (RMD)** from your IRA* in the applicable year.
- **A QCD transfer itself 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.
- You will receive **the security of a fixed income** from a Duke gift annuity for your lifetime and/or the lifetime of your spouse.
- You will provide **future support for Duke**. You may direct your gift annuity to the area of Duke that is most important to you.

* The amount of a QCD that counts toward your RMD may be reduced by additions to a retirement account made after age 70½.

How to get started

1. **Check with your financial advisor** to determine how establishing a charitable gift annuity through a QCD will impact you.
2. **Contact us for your personalized gift annuity illustration.** Duke University's Office of Gift Planning has charitable planning professionals available to work with you and your financial advisors to explore charitable giving strategies that support your financial goals now and in the future.
3. **Establish your charitable gift annuity at Duke** with a gift of \$25,000 or more.

Factors to consider

1. You must be at least 70 ½ years of age at the time of the transfer and the transfer must be from a traditional IRA, not a 401(k), 403(b), etc.
2. The annuity can only benefit you and/or your spouse, and payments must start within 1 year of the gift. The annuity rate is based on your current age, with a minimum of 5%.
3. There is an aggregate limit of \$53,000 per taxpayer in 2024. A married couple can each contribute \$53,000 from their respective IRAs, for a total of \$106,000. This dollar limit changes annually.
4. This option can only be used in a single calendar year during your lifetime. Your spouse can also use this option in the same year or a different year.

It is important to note that for all QCD-funded charitable gift annuities, **the full amount of each payment received from your IRA-funded charitable gift annuity will be subject to ordinary income tax.** In addition, there is no charitable income tax deduction for the QCD transfer. The annuity income interest is not assignable, including to the charitable beneficiary. You (and/or your spouse) will receive the annuity income for your lifetime.

For example: Betty is 74 years old and has a traditional IRA. Betty has to take a RMD from her IRA this year, but does not need the income and would like to minimize taxes this year. Betty decides to make a \$25,000 QCD transfer to Duke to establish a charitable gift annuity, an election she can make in one tax year during her lifetime. Betty's charitable gift annuity will pay her \$1,700 each year (a 6.8% annuity rate) for as long as she lives. Betty is looking forward to providing a generous gift to Duke while receiving the security of a fixed income for the rest of her life and reducing her tax burden this year.

Sample payout rates for gift annuities making payments to an individual or married couple:

INDIVIDUAL		MARRIED COUPLE		
YOUR AGE	GIFT ANNUITY RATE	YOUR AGE	YOUR SPOUSE'S AGE	GIFT ANNUITY RATE
73	6.7%	73	73	5.9%
75	7.0%	75	75	6.2%
77	7.4%	77	77	6.5%

All rates discussed in this document are based on American Council on Gift Annuities 2024 rate schedule.

Connect with us to get started

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