



Unlocking the Power of QCDs:

Maximizing Charitable Giving and Tax Benefits

As you and other attorneys, CPAs, and financial advisors put the finishing touches on implementing clients' year-end charitable giving plans, you may have a moment when it hits you: "Wait, how exactly does a Qualified Charitable Distribution work?"



That's a great question, and you are not alone if you're asking. Even though QCDs are well-covered in [financial media](#), they're complex enough that it's hard to remember the nuances when you're hit with a situation where a client might benefit. LVCF is here to help you and your clients tap the potential of QCDs. Please contact Carrie Nedick, CAP®: carrie@lvcfoundation.org. We'd love to talk about a QCD strategy for your clients' immediate gifting needs in 2024 and beyond.

■ Is an IRA the only eligible source for Qualified Charitable Distributions?

Short answer: Almost.

Longer answer: An individual can make a [Qualified Charitable Distribution](#) directly to an eligible charity from a traditional IRA or an inherited IRA. If the individual's employer is no longer contributing to a Simplified Employee Pension (SEP) plan or a Savings Incentive Match Plan for Employees (SIMPLE) IRA, the individual may use those accounts as well. In theory, a Roth IRA could be used to make a QCD, but it is rarely advantageous to do that because Roth IRA distributions are already tax-free.

■ What is the difference between a QCD and an RMD?

Short answer: Quite a bit! But a QCD can count toward an RMD.

Longer answer: Everyone must start taking Required Minimum Distributions ("RMDs") from their qualified retirement plans, including IRAs, when they reach [the age of 73](#). RMDs are taxable income. The Qualified Charitable Distribution, by contrast, is a distribution directly from certain types of retirement plans (such as IRAs) to certain types of charities. A QCD can count toward the taxpayer's RMD for that year. And because the QCD goes directly to charity, the taxpayer is not taxed on that distribution.

(Continued)



Christmas | Hanukkah | Kwanzaa

As we close out 2024, we want to express our heartfelt gratitude to you, our trusted partners in philanthropy.

Thank you for turning to us as a resource in guiding your clients toward meaningful charitable giving. Your trust in us strengthens our ability to connect clients with the causes they care about most.

Thank you for collaborating with us to help your clients fulfill their philanthropic visions and create enduring charitable legacies that make a lasting impact.

Thank you for your role in enabling us to fund vital nonprofits and work as a respected grantmaker in our region, improving the quality of life for so many.

Your partnership empowers us to share our community knowledge, provide leadership, and build nonprofit capacity, ensuring that resources are directed where they are needed most. For this and so much more, we extend our deepest thanks.

We are honored to support you and your clients in achieving their charitable goals and look forward to continuing this important work together in the year ahead.

Your Partners at the Lehigh Valley Community Foundation

Unlocking the Power of QCDs (continued)

■ Can a taxpayer make a Qualified Charitable Distribution even if the taxpayer is not yet required to take Required Minimum Distributions?

Short answer: Yes—within a very narrow age window.

Longer answer: RMDs and QCDs are both distributions that impact retirement-age taxpayers, and it would seem logical that the age thresholds would be the same. Under the SECURE Act, though, the required date for starting [RMDs shifted](#) from 70 ½ to 72 and is now up to 73 (which is better for taxpayers who want to delay taxable income). A corresponding shift was not made to the eligible age for executing QCDs; that age is still 70 ½ (which benefits taxpayers who wish to access IRA funds to make charitable gifts even before they are required to take RMDs).

■ Can my client direct a QCD to a fund at the Community Foundation?

Short answer: Yes, if it's a qualifying fund.

Longer answer: While donor-advised funds are not eligible recipients of Qualified Charitable Distributions, other types of funds at LVCF can receive QCDs. These funds include unrestricted funds, area-of-interest funds, designated funds, scholarships and endowment funds established by nonprofit organizations.

■ How much can my client give through a QCD?

Short answer: \$105,000 per year in 2024, increasing to \$108,000 in 2025.

Longer answer: A Qualified Charitable Distribution permits a client (and a spouse from a spouse's own IRA or IRAs) to transfer up to \$105,000 in 2024 ([and \\$108,000 in 2025](#)) from an IRA (or multiple IRAs) to a qualified charity. So, a married couple may be eligible to direct up to a total of \$210,000 in 2024 to charity from IRAs and avoid significant income tax liability.



Bitcoin's All-Time High Opens New Opportunities for Philanthropy

The recent surge in Bitcoin and other cryptocurrencies to all-time highs has sparked renewed interest and excitement in the financial world. For many investors, this milestone represents an opportunity to capitalize on gains, while giving back in innovative and impactful ways.

The Community Foundation has been accepting cryptocurrency since 2021. Recently, LVCF add a new pathway for donors to leverage the growing value of cryptocurrency. Through a partnership with EnGiven, a leading cryptocurrency donation platform, LVCF now accepts gifts of digital assets to its Forever Lehigh Valley Fund through an online widget that accepts a wide range of cryptocurrencies.

[Click here | EnGiven](#)

Why Donate Cryptocurrency?

Cryptocurrency donations offer unique benefits for donors and nonprofits alike. By donating appreciated assets directly to LVCF, donors can maximize their philanthropic impact while enjoying significant tax advantages. Unlike selling cryptocurrency and donating the cash proceeds, which could trigger capital gains taxes, gifting crypto directly allows donors to avoid this tax and receive a fair market value deduction on their donation. For more info, contact **Carrie Krug Nedick, CAP®**, LVCF Director of Donor Services, via email: carrie@lvcfoundation.org.