



Qualified Charitable Distributions (QCD)

A Simple, Smart Way to Give Using Your IRA

If you're age 70½ or older...

you can make a tax-free **Qualified Charitable Distribution (QCD)** from your IRA to a personalized fund at the Community Foundation of Southern Indiana to support your favorite charitable interests.

If you want to simplify your giving, consider making a QCD (often referred to as an IRA Rollover gift) to establish a fund at CFSI. When you do (and you're 70½ or older), you can make a gift of up to \$100,000 directly from your IRA to the Community Foundation for your fund. The money you direct to CFSI will be excluded from your ordinary income for federal income tax purposes, and the amount will count towards your required minimum distribution (RMD) for the year! As of 2022, required minimum distributions resumed for those over the age of 72.

It's easy to make an QCD to your favorite charity – just consult with your retirement plan administrator and have them transfer a specific dollar amount directly to the charity of your choice. But if you want to do more with your Qualified Charitable Distribution than make a one-time, “lump sum” contribution to a single nonprofit, CFSI can provide additional flexibility or anonymity that you can't find elsewhere.

With Your QCD You Can....



Pre-designate your giving with a fund to do all of your annual giving from one place with one gift.



Establish a scholarship fund to perpetually support a specific school or students who meet criteria you set.



Set up a fund to support your church, alma mater, or other cause with an annual gift in your name, forever.



Leave a legacy for causes you care most about so that your generosity continues after your lifetime.

Because CFSI is a 501(c)(3) charity, you can make QCDs to us. In turn, we will distribute your donation to non-profits in accordance with your unique charitable wishes. *(Important: We will work with you to create your own charitable fund before your gift is made, to comply with federal rules prohibiting QCDs from establishing donor advised funds.)*



SCENARIO: Using QCD to Benefit Many Charities

Bob wants to use his QCD to make several gifts to charities using one QCD distribution. Bob establishes a “**2022 Designated Fund**” at CFSI. The fund is not invested or endowed, but is a pass-through, meaning he will distribute its entire balance to his charitable causes. Bob's fund agreement lists charities he wants to support, the amounts that he wants them to receive, and the timing he wants the grants distributed. For example, Bob wants his church to receive a \$5,000 grant each Jan. 1 for the next 5 years; other charities are listed in a similar fashion.

Bob also decides on a “Plan B” for funds in the event that one or more of his listed charities becomes ineligible to receive a grant. Bob and CFSI sign the fund agreement, initiating Bob's QCD. Because these wishes are pre-designated before Bob initiates the QCD, this is not an advised fund and complies with the rules that prohibit using a QCD to fund an advised fund.

Frequently Asked Questions about QCDs

ARE THERE RESTRICTIONS ON QUALIFIED CHARITABLE DISTRIBUTIONS?

A QCD cannot be used to make gifts when the donor receives a benefit in return (i.e., to attend a dinner), to establish donor advised funds, or a private foundation. However, the Foundation can work with you to create a designated fund that would support your various charitable interests in the amounts and at the times you designate.

I CANNOT CREATE A DONOR ADVISED FUND WITH MY QCD - WHAT ARE MY OPTIONS?

You can pre-determine all the various charities that you want your QCD to support, and we will help you create a fund that will direct pre-specified amounts to them, in whatever time frame you choose. Many donors that work with us use this technique year over year to take care of their annual giving or to satisfy multi-year pledges. We work with you to capture your intent in a fund agreement that contains all the details of your listed charities, amounts, and timing – and then you inform your plan administrator to make the QCD distribution to CFSI for your fund. Or, you can create any other type of endowed (permanent) fund that you want – whether that is a scholarship fund, a permanent fund to support a favorite cause, or whatever else you might wish.

WHAT IS THE MINIMUM AGE FOR MAKING A QUALIFIED CHARITABLE DISTRIBUTION (QCD)?

You must turn 70½ prior to completing the distribution.

IF I MAKE A QCD, DOES IT AFFECT MY REQUIRED MINIMUM DISTRIBUTION (RMD)?

If you're 72, or turned 70½ prior to 2020, the amount distributed to CFSI will be deducted from your RMD. RMDs have been resumed in 2022 for donors age 72 and older.

IS THERE A TAX DEDUCTION FOR MAKING A QCD?

QCD gifts are not deductible. The money is never included in your income, which is more favorable than a deduction for some.

I HAVE A ROTH IRA. CAN I USE IT FOR A QCD?

Roth IRAs are eligible for rollover treatment; however, you may wish to discuss with your financial advisor whether this is the most tax effective way for you to give because you have already paid income tax on your Roth IRA assets.

I DON'T HAVE AN IRA. CAN I MAKE A QCD FROM ANOTHER RETIREMENT ACCOUNT?

No, transfers must come directly from an IRA or Roth IRA. However, if you have retirement assets in a 401(k), 403(b), etc., you may be able to roll those funds into an IRA, then use the IRA for giving. Please discuss this strategy with your financial advisor.

WHAT IS THE MINIMUM GIFT SIZE?

The minimum gift size depends on the type of fund you're establishing at CFSI. Most of our fund minimums are \$15,000 but scholarship fund minimums are \$25,000.

IS THERE A MAXIMUM GIFT SIZE?

The maximum QCD amount permitted by the IRS is \$100,000, per account holder (i.e., per spouse), per year. So a married couple can give \$200,000 (\$100,000 from each of their IRAs).

HOW AND WHEN SHOULD I INITIATE A QCD?

In most cases, you just need to contact your IRA custodian. You should identify if you want to take advantage of the QCD option before you request the RMD, because you must instruct your plan administrator regarding the QCD. If you do not indicate the request for a QCD, once you have taken the distribution you cannot unwind it. If you automatically receive your RMD each year you may need to turn off automatic payments and instead manually request the QCD. If you manually request your RMD for the year, be sure to identify that you want it to be for a QCD. You may request a QCD at any time during the year, but if you intend that your distribution count toward your RMD, please begin your transfer by early December to allow ample time for your transfer to be completed. If you have an IRA with check-writing features, please be aware that your check must be made out to "Community Foundation of Southern Indiana" and must clear your account by December 31 to count toward your RMD for the current year.

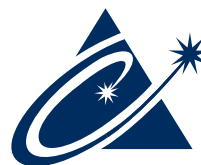
CAN MY IRA GIFT SATISFY A PLEDGE?

Yes! Payment schedules of various lengths may be established by the donor using a QCD gift.

WHAT TYPE OF ACKNOWLEDGMENT SHOULD I EXPECT?

We will send you a written acknowledgment of your gift to thank you and to confirm the amount of your gift and its intended purpose. Because there is no income tax deduction, you will not receive a conventional tax receipt.

This information does not constitute legal, tax or financial advice. You should consult with your own advisor when planning this or any other charitable gift.



**Community Foundation
of Southern Indiana**

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