

QUALIFIED CHARITABLE DISTRIBUTIONS (QCDs)



WHAT IS A QUALIFIED CHARITABLE DISTRIBUTION (QCD)

A Qualified Charitable Distribution (QCD) is a tax-smart way for individuals aged 70½ and older to make donations directly from their IRA to a nonprofit organization like Tanager.

Unlike regular withdrawals from an IRA, which are typically subject to income tax, QCDs are excluded from your taxable income. This makes them a powerful tool to support causes you care about while reducing your tax burden.




You can donate up to \$108,000 per year directly from your IRA. If you file jointly with a spouse, each of you can contribute up to \$108,000 from your own IRAs.

You are eligible to make a Qualified Charitable Distribution if:

- You are age 70½ or older at the time of the gift
- You donate from a traditional IRA, inherited IRA, or an inactive SIMPLE or SEP IRA
- The funds are transferred directly from your IRA custodian to Tanager

*\$108,000 limit is for the 2025 tax year. The annual limit is adjusted each year based on inflation.

BENEFITS OF A QCD

-  **Reduce Your Taxable Income**
QCDs can help lower your adjusted gross income, which may reduce the impact on your Social Security benefits, Medicare premiums, and other tax deductions or credits.
-  **Fulfill Your Required Minimum Distribution (RMD)**
If you are age 73 or older, you are required to take minimum distributions from your IRA each year. A QCD counts toward your RMD but is not included in your taxable income.
-  **Support a Mission You Believe In**
Your QCD helps fund Tanager's vital programs that enhance mental well-being for children, young adults, and families across our community. It's a straightforward process that allows you to make a meaningful difference

ENHANCING YOUR TAX SAVINGS WITH A QCD

While QCDs aren't eligible for charitable tax deductions, they are not included in your taxable income like other IRA withdrawals are.

Here is an example of how they can benefit your tax situation.

MEET STEVE

Steve is 73 and needs to take an RMD of \$42,683 from his Traditional IRA this year. He does not need the extra income and would like to donate his entire RMD balance to Tanager. Steve's adjusted gross income (AGI) before his RMD is \$80,000 and he files his tax returns with the single filing status. Steve has two options:

OPTION #1

Steve can take his RMD as a normal withdrawal. This will increase his AGI to \$122,683. If Steve then donates his RMD to Tanager, he would take an itemized deduction of \$42,683 - assuming he has no other deductions to itemize. This results in \$80,000 of federal taxable income.

OPTION #2

Steve can instruct his IRA custodian to direct his RMD as a QCD sending the funds to Tanager. He would then take the standard deduction of \$15,000 for 2025 plus an additional standard deduction of \$2,000 because Steve is over 65. Giving him a total deduction of \$17,000 and a federal taxable income of \$63,000.

TAKE RMD & DONATE CASH

Steve's Adjusted Gross Income (AGI)

\$122,683

Steve's Charitable Gift

\$42,683 (cash)

Itemized or Standard Deduction

\$42,683
itemized deductions

Steve's Federal Taxable Income

\$80,000

MAKE A QCD TO SATISFY RMD

\$80,000

\$42,683 (QCD)

\$17,000
standard deductions

\$63,000

A QCD lowers Steve's taxable income by \$17,000



HOW TO MAKE A QCD GIFT TO TANAGER

1. Contact Your Financial Advisor or IRA Custodian.

Request a direct transfer from your IRA to Tanager. You may need our legal name and tax ID.

Tanager
Attn: Development Department
2309 C St. SW
Cedar Rapids, IA 52404

Federal EIN: 42-0688079

2. Notify Us

Let us know your gift is on the way. IRA custodians don't always include the donor's name on the check. If you let us know your gift is coming, we can ensure proper acknowledgement and provide you a tax receipt.

Your QCD gift allows us to continue providing essential services—therapy, prevention, and community outreach—designed to foster mental well-being for the children, young adults, and families we serve.

ADDITIONAL CONSIDERATIONS

Funds must go from your IRA directly to the charity.

Funds must be transferred directly from the IRA to the charity to avoid tax complications. As the donor, you can receive a check in the charity's name and send it in. However, you cannot receive the funds in your name, then write a separate check to the charity.

Let your tax professional know you did a QCD.

QCDs are reported to the IRS as normal IRA distributions, and as death distributions for inherited IRAs and inherited Roth IRAs. Make sure the QCD is listed correctly on your tax return so you get the tax break. Additionally, while QCDs aren't subject to federal taxes, state tax rules vary. Check with your tax advisor for guidance.

You can make a QCD that is more or less than your annual RMD.

Let's say you have an RMD of \$5,000 and you want to gift \$3,000. You still have to withdraw the full amount of your RMD and pay taxes on the \$2,000 you didn't give to charity. You can also use a QCD to give more than your RMD for the year; however, you can't carry over that extra distribution to future years. Note: You must take your entire RMD to avoid penalties.

Be careful doing QCDs if you are still working after 70½ and contributing to your IRA.

Your QCD tax benefit will be reduced by the amount of the contributions made after 70½. The IRS does not want you making tax-deductible IRA contributions and getting the benefit of making a QCD at the same time.