

Planning with Intention: Charitable Giving Through Your IRA

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“Nowhere is wisdom more necessary than in the guidance of charitable impulses. Meaning well is only half our duty; thinking right is the other, and equally important, half.” Samuel Gridley Howe

May is Older Americans Month — a time to celebrate the valuable experiences, wisdom, and contributions of our nation’s older adults. For many retirees, this stage of life includes navigating the unexpected currents of required minimum distributions (RMDs) from tax-deferred retirement accounts, such as traditional IRAs. These distributions — like uninvited dinner guests who still expect to be fed — arrive on schedule, whether you are prepared or not, often carrying significant tax implications that can take a substantial bite out of hard-earned retirement savings. Fortunately, careful and proactive planning offers a meaningful opportunity in an otherwise desolate landscape of RMD-driven taxation: qualified charitable distributions (QCDs) allow retirees to support causes close to their hearts while sidestepping some unwelcome tax consequences.

Turning a Tax Burden into a Charitable Opportunity

QCDs allow IRA owners aged 70 ½ or older to convert what would have been a taxable distribution into a direct gift to charity. For 2025, an individual may transfer up to \$108,000 per year from a traditional IRA directly to one or more qualified charities. Because the funds move straight to the charitable recipient, the withdrawal satisfies part or all of the donor’s RMD for the year and bypasses the donor’s adjusted gross income (AGI) altogether.

Keeping AGI low through QCDs can have helpful knock-on effects — for example, it may moderate Medicare premiums and reduce the share of Social Security benefits subject to federal income tax. Perhaps most importantly, any eligible taxpayer — whether or not they itemize deductions — can leverage QCDs, a distinction that sets them apart from traditional charitable contributions. For individuals nudged into higher tax brackets by large RMDs, the QCD regime offers a practical way to trim tax liability while channeling meaningful support to favored causes.

Beyond Income Tax: Long-Term Estate Planning Advantages

Beyond reducing taxable income in the short term, QCDs are a powerful tool for managing the future tax burden on heirs. Traditional IRAs are notorious for passing a hidden tax bill to heirs: unlike stocks or real estate, traditional IRAs do not receive a step-up in basis at death, and — after the SECURE Act — most nonspouse beneficiaries must drain the account within 10 years. Every dollar withdrawn is taxed as ordinary income, often during the heirs’ peak earning years. By channeling RMDs directly to charity through QCDs, an IRA owner gradually lowers the account’s taxable value and lightens the eventual tax load on beneficiaries — all without bumping into the percentage limits that normally restrict charitable deductions.

Avoiding Common Pitfalls with QCDs

Successfully utilizing QCDs requires strict adherence to IRS rules to ensure the intended tax benefits are realized. One common mistake to avoid is not instructing the IRA custodian to transfer funds directly to the qualified charity. If the account holder receives the distribution before directing it to a charity, the amount may be treated as taxable

income, nullifying the QCD's benefit. Account holders must also obtain written acknowledgment from the charitable organization confirming receipt of the donation, as the IRS requires this documentation for proper reporting and compliance. Fortunately, qualified organizations are typically well-versed in providing donors with this necessary paperwork. Additionally, to qualify as a QCD, contributions must be made directly to eligible charitable organizations; certain recipients — such as donor-advised funds and private foundations — are expressly excluded under federal law.

Proactively Managing RMDs

Because QCD eligibility begins at age 70½ — regardless of when required minimum distributions begin — many retirees now enjoy a longer window to plan ahead with greater flexibility. Under current law, most individuals will not begin RMDs until age 73, and for those born in 1960 or later, that threshold increases to age 75 beginning in 2033. This extended planning period enhances the value of QCDs, giving charitably inclined individuals additional time to reduce IRA balances, meet philanthropic goals, and potentially head off steep RMDs before they ever begin.

While QCDs may offer meaningful tax advantages, they are not the right fit for every estate plan. Though, for many retirees, IRAs represent more than just numbers on a statement — they reflect decades of disciplined saving, hard work, and deferred gratification, and choosing to direct even a portion of those funds to charity can be a deeply personal act of purpose — guided not just by generosity, but by thoughtful intent.

In that sense, QCDs represent the confluence of purpose and prudence for the charitably inclined, redirecting dollars toward lasting good rather than transient revenue for the Treasury. When used wisely, each distribution fortifies organizations that reflect your convictions, trims today's income tax bite, and prunes the future tax harvest awaiting your heirs. Estate planning, fundamentally, is not only about assets; it is about creating an intentional tomorrow for the people and causes that matter most. By weaving QCDs into your broader estate plan, you can meet financial objectives while inscribing your values upon the next generation and the wider community — creating a legacy measured not only in balance sheets but in lives improved.

For more information about qualified charitable distributions or to discuss how they can fit into your overall estate planning strategy, please contact [Colin Wolfe](#) or a member of our [estate planning](#) team to schedule a consultation.