



Important Things to Know about Qualified Charitable Distributions from IRAs

Recent tax reforms make charitable distributions from an IRA more valuable than ever. Even if you are no longer itemizing your deductions under the new tax law, using a qualified charitable distribution (QCD) from an IRA can still give you a tax break.

1. Donations made through an IRA qualified charitable distribution (QCD) are excluded from your taxable income. Because such gifts are taken “off the top,” so to speak, a tax deduction for the gift cannot also be taken.
2. You can make a QCD from an IRA if you are at least 70½ years old even if you are not yet required to take minimum distributions.
3. The annual limit for a qualified charitable distribution is \$108,000 per person for 2025.
4. The amount donated from your IRA to a charity through a QCD will count toward any required minimum distribution you must take.
5. The mechanics of completing a QCD will vary depending upon the financial institution holding the IRA. Your financial institutions may request the charity’s tax identification number. The tax identification number for the University of Maine Foundation is 01-6011501.
6. The QCD must be done as a direct transfer from the IRA custodian to the charity. The distribution may not first be made to you and then paid by you to the charity. Note, however, that some IRA custodians will mail a check payable to the charity to you for delivery to the charity, which is acceptable.
7. You may not receive any goods or services in return for the donation made through a QCD. Generally, this type of giving cannot be used for life-income gifts; however, donors can use a **one-time** QCD of no more than \$54,000 to make certain types of life-income gifts. Please contact us for more details about this possibility.
8. Gifts to donor advised funds or private foundations do not qualify as qualified charitable distributions; *but gifts to the University of Maine Foundation do!*
9. Note that if you are still contributing to your IRA after age 70½, there may be an offset to the tax benefit available through the IRA QCD.
10. Only distributions that would otherwise be taxable can be used for making a QCD. If you have made non-deductible contributions to your IRA, these amounts, when distributed, cannot be used for a QCD.
11. ***Make sure to keep your IRA statements showing the QCD and tell your tax preparer that you have made such a gift. These steps are important because charitable distributions are generally not distinguished from other distributions on the Form 1099-R that the IRA custodian sends to you.***

Note: Please discuss this possible giving vehicle with your financial advisor/tax planner to be sure that this is the best option given your overall financial situation.