

Use Your 2025 IRA RMD for Charitable Giving

If you're age 73 or older, the IRS requires you to withdraw a minimum amount each year from your traditional IRA or other qualified retirement accounts. This is called a Required Minimum Distribution (RMD). These withdrawals are taxable as ordinary income.

A Smart Strategy: Qualified Charitable Distributions (QCDs)

A Qualified Charitable Distribution allows you to donate up to \$100,000 directly from your IRA to a qualified charity. **This counts toward your RMD but is not taxable income to you.**

QCD Rules

- You must be at least 70½ years old at the time of the gift.
- The distribution must go directly from your IRA to the charity.
- The charity must be a qualified 501(c)(3) organization (not a donor-advised fund or private foundation).
- You do not get a charitable deduction for a QCD—but you also do not report the income.

Example for 2025

John, age 75, has a traditional IRA and his RMD for 2025 is \$12,000. He decides to make a QCD of \$8,000 to the San Antonio Rescue Mission. He withdraws the remaining \$4,000 as a regular RMD, which is taxable. Only \$4,000 is included in his taxable income for the year, reducing his tax liability.

Benefits of QCDs

- Reduces your taxable income.
- Satisfies part or all of your RMD.
- Supports the charitable causes you care about.
- May help reduce Social Security tax exposure and Medicare premiums.

Tips for Success

- Work with your IRA custodian to make sure the distribution goes directly to the charity.
- Ensure the charity is eligible to receive QCDs.
- Get a written acknowledgment from the charity for your records.