



GIVE SMART

Using Your RMD to Avoid Income Tax

If you are looking for a way to lower your taxable income, utilizing your IRA Required Minimum Distribution (RMD) for charitable giving may be the best option for you. A Qualified Charitable Distribution (QCD) allows you to make a gift from your IRA directly to qualifying charities. The amount you donate fulfills your RMD requirement and is excluded from your taxable income. A taxpayer's first RMD must be taken by April 1 of the year after they turn 73, however, a QCD can be made at any point after the individual turns 70 ½.

There are many benefits to using your RMD for charity:

- Avoid taxes on transfers of up to \$108,000 from your IRA to a Scholarship Fund, Designated Fund, or Competitive Grantmaking Fund in the 2025 tax year
- Satisfy your Required Minimum Distribution (RMD) for the year
- Reduce your taxable income, even if you do not itemize deductions
- Make a gift that is not subject to the deduction limits on charitable gifts

After contacting your IRA plan administrator to make a gift from your IRA to a fund at Truman Heartland Community Foundation, your IRA funds will be directly transferred to a fund at THCF.

EXAMPLE

Taxable Income		Without QCD		With QCD
Income before IRA		\$110,000		\$110,000
IRA required withdrawal	+	\$10,000	+	-
Adjusted Gross Income		\$120,000		\$110,000
Standard Deduction*	-	\$32,300	-	\$32,300
Taxable Income		\$87,700		\$77,700

Taxable Difference	\$10,000
x Tax Rate	22%
= Tax Savings	\$2,200

*2025 Standard Deduction Married Individuals Filing Jointly, both age 65+

This graph is to be used as an example. THCF does not offer accounting or legal advice.

A qualified donor may contribute up to \$108,000 in QCDs in 2025. For married couples, each spouse could make QCDs up to the \$108,000 2025 limit for a potential total of \$216,000. The limit applies to the sum of all QCDs taken from all the IRAs an individual owns.

The transfer works for IRAs but not for other retirement accounts. Check with your tax advisor or contact us to learn more about how you can use your RMD for good and lower your taxes. QCDs do not qualify for a charitable deduction. While the QCD cannot fund a Donor Advised Fund, it can fund a Scholarship Fund, Designated Fund, Competitive Grantmaking Fund, or the Foundation Fan Club.



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