Trusts, Estates,
and Gift Planning
Strategic financial planning for your Cornell philanthropy
Qualified Charitable Distributions
The future of giving
giftplanning.giving.cornell.edu

A Qualified Charitable Distribution (QCD) is a distribution from an IRA directly to an eligible charity. Thanks to recent legislation, and depending on your age and experience, making a gift through a QCD may be the best way for you to make a charitable contribution to Cornell.

Key facts

- A tax-efficient way to give
- Donors aged 70 ½ or older are eligible
- Capped at $100,000 annually per individual
- A QCD lowers Adjusted Gross Income (AGI) and income tax liability
- Made from IRAs to 501(c)(3) charities only
- Cannot be made to a donor-advised fund (DAF), private foundation, or supporting organization
- Cannot be made from 401(k), 403(b) or other qualified retirement plans

You worked hard to save

Saving for retirement is a rite of passage and a worthy ideal. With steady savings and some good fortune, many individuals will have asset balances that exceed their needs. Managing the distribution of those assets efficiently is an important undertaking.

Recent legislation

Beginning in 2023, the required minimum distribution (RMD) age was raised to 73. These RMDs increase every year and are designed to draw down and extract taxes from the accumulated, tax-deferred balance. In an earlier piece of legislation from 2019, Congress also eliminated the "Stretch IRA." These changes have opened the door for alternative gift strategies with IRA balances.

Tax implications

The US tax code is full of income-based phaseouts for tax deductions and tax credits. However, no such phaseout or tax-filing status restricts the ability to use IRA assets this way. This means that spouses may distribute up to $100,000 each, annually, to their favorite philanthropic organizations (spouses may each make a QCD from their own IRA within the same tax year for up to $100,000.)

How they work together

Required minimum distributions (RMDs) increase your Adjusted Gross Income (AGI) and put you at risk of higher tax liabilities and having other benefits taxed or costs increased. QCDs lower AGI and can be more than or less than your RMD (subject to maximum limits). The timing and sequence of distributions are important. The first dollars out of an IRA each year count towards your RMD. If those dollars are received by the IRA owner, it can reduce or even eliminate the benefits of making a QCD later in the year. Distributions received by the owner of the IRA cannot be returned or reclassified.

Adjusted Gross Income-sensitive tax items

- Social Security benefits
- 3.8% Medicare surtax on investment income
- Roth IRA eligibility
- Medicare premium rates
- Child and education-related tax credits

The Solution

IRA asset management has shifted towards charitable purposes from retirement income and estate planning. Smart planners see how charitable giving can benefit their portfolios and give back to places they love, like Cornell. There are many ways to use your IRA for your philanthropy. The easiest way to get started is to take advantage of the check-writing privilege offered by many IRA custodians.

Next steps

Let us guide you through the QCD process. Scan the QR code below and fill out our short form. Your answers will be recorded and a copy of your responses will be returned to you. Notifying us in advance of your forthcoming QCD allows us to receipt your funds properly when they arrive. We will confirm your gift designation at Cornell, and whether you wish to provide immediate support or further an endowment for a gift that never stops giving.

HOW TO MAKE A QCD

Learn more

Additional resources are available on our website
giftplanning.giving.cornell.edu

Cornell's Office of Trusts, Estates, and Gift Planning
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