

Nonprofits Take Note! Recent Expansion of Qualified Charitable Distribution Rules

President Biden recently signed into law the Secure 2.0 Act of 2022. The Act contains, in part, an expansion of the rules for qualified charitable distributions. A qualified charitable distribution ("QCD") is a direct transfer of funds from an individual retirement account to a qualified charity.

Two of the highlights, which are effective for the 2023 tax year:

Increase in QCD limit: Under current law, individuals who are 70½ years old or older may use a QCD to donate up to \$100,000 to qualified charities directly from an IRA. The Act indicates that the annual QCD limit of \$100,000 will be indexed for inflation, effective for tax years after 2023.

Expanded Use of QCD: The Act includes a one-time election for a QCD to fund one of either a charitable remainder unitrust, a charitable remainder annuity trust or a charitable gift annuity. Charitable remainder trusts and charitable gift annuities are vehicles defined by federal tax law that allow you to provide payments to yourself or others while making a generous gift to charity. The limitation under the Act to fund one of these vehicles is \$50,000, indexed for inflation. The QCD continues to be ineligible to fund donor advised funds, private foundations, or supporting organizations.

We at [Partridge Snow & Hahn](#) have a multifaceted [Charitable & Nonprofit Organizations Practice Group](#) to guide you through the advice necessary to discuss charitable giving options.

Date Created

January 9, 2023