

# BOUCHARD

## FINANCIAL GROUP

Wells Fargo Advisors Financial Network

### **Understanding Qualified Charitable Distributions (QCDs) from IRAs**

For charitably inclined retirees, Qualified Charitable Distributions (QCDs) offer a tax-efficient way to support meaningful causes. A QCD allows individuals age 70½ or older to transfer funds directly from their IRA to a qualified charity. Because the money goes straight from the IRA to the charity, it is not included in the donor's taxable income—making it a powerful strategy for those who want to give back.

### **Eligibility and Annual Limits**

To use a QCD, you must meet a few requirements. First, you must be at least 70½ years old at the time the distribution is made. At this time, QCDs can only be made from IRAs, not from employer plans like 401(k)s or 403(b)s, unless those funds are first rolled over into an IRA.

There is also an annual limit. For tax year 2026, individuals can donate up to \$111,000 via QCDs, and this limit is indexed for inflation. Married couples filing jointly can each contribute up to the limit from their respective IRAs. Importantly, QCDs can count toward your RMD for the year, helping satisfy that requirement without increasing your taxable income.

### **Key Benefits of Using QCDs**

The primary advantage of a QCD is its ability to reduce taxable income. It may help reduce Medicare Part B and D premiums, which are tied to income levels. For donors who are already making charitable gifts, shifting those contributions to QCDs can create a more efficient giving strategy without changing the amount they donate.

QCDs remain one of the most flexible and tax-efficient tools available to retirees who want to support charitable causes. With thoughtful planning, they can help you meet your philanthropic goals while keeping your retirement income strategy on track.

Brett Bouchard, CFP®

Vice President

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