



Qualified Charitable Distributions You Can Manage

Author – **Phil Tobin**, co-founder/CEO, iGiftFund

While many of your clients will benefit from reduced tax rates and expanded tax brackets under the new tax laws, it's likely that many will elect **not to itemize** this year. Rather, they will opt to claim the higher standard deduction. In 2023, \$13,850 for single filers and \$27,700 for married filing jointly.

With that in mind, here are charitable giving strategies that allow your senior clients (donors) to take advantage of the higher standard deduction while also, avoiding taxes on their RMDs. And you can manage investments.



iGiftFund

stewards for donor advised funds



Background

People age 70½ (and qualified spouses) are able to direct distributions, called Qualified Charitable Distributions (QCDs), from their traditional IRA to eligible charitable organizations, thereby avoiding the tax bite on the IRA distribution and with no effect on taxable income. If the donor has reached their Required Beginning Date (RBD), amounts distributed count toward their Required Minimum Distribution (RMD). As a result, clients can take advantage of the higher standard deduction and avoid taxes on their RMD. It's a win-win-win strategy that works.

NOTE: The SECURE 2.0 Act raised the age for RMDs to 73 in 2023. Therefore, the first RMD must be taken by April 1 of the year after in which the taxpayer turns 73. After that, the RMD must be taken by December 31 of each year.

TIP:

Even though QCDs cannot be made to donor advised funds, private foundations or supporting organizations, iGiftFund offers QCD solutions that do qualify. These solutions include:

Designated Fund

Your client/donor directs their QCD to iGiftFund and specifies up to five (5) charities up-front. You invest the fund with an endowment objective and the donor selects a spending policy. iGiftFund will make annual distributions to the charities chosen, in amounts as allocated by the donor. Clients at this age typically have favorite charities that fit this strategy. These funds can be used to support their favorite church, hospital, university, etc. The designated fund can also be used to establish a scholarship program at the donor's high school or college.

Field-of-Interest Fund

Your client specifies up front the philanthropic area of interest, i.e. the arts, health, the environment, etc. iGiftFund's Board decides annually which charity or charities best fit the client's chosen field of interest and in the best interests of what the donor is trying to accomplish.

Unrestricted Fund

Your client leaves the decision for grantmaking to iGiftFund's Board to address the changing needs of the community, typically in collaboration with the donor's local community foundation which understands the needs of the community.



iGiftFund

stewards for donor advised funds



What are the advantages to you client of these strategies?

Your client can:

- Create the fund in their name or that of a loved one as an enduring legacy
- Receive Qualified Charitable Distributions (QCD) from IRAs and satisfy required minimum distributions requirements (RMD) with no effect on Adjusted Gross Income (AGI)
- Contribute a wide variety of asset types
- Enjoy the best available tax benefits
- Recommend you to manage investments in open architecture on your familiar investment platform. Your role is much like that in iGiftFund's donor advised fund
- Add to the fund as desired
- Retain an option in a designated fund to redirect support should the specified charity cease to exist

About the Author

Phil is among the most experienced DAF experts in the country, having pioneered one of the country's earliest DAFs when he served in the 1980s as CFO of The Cleveland Foundation. Afterwards, he co-founded the American Endowment Foundation (AEF) in 1993, which grew by 2016 to become the 21st largest charity in the country. In 2017, Phil retired from AEF and created iGiftFund as an independent donor advised fund sponsor with the goal of creating a unique, personalized donor experience.

About iGiftFund – www.iGiftFund.org

An IRS-recognized, independent, public charity that sponsors donor advised funds, iGiftFund's mission is to inspire and enable Americans and their trusted advisors to create, preserve and pass-on their philanthropic legacy through Donor Advised Fund solutions where the impact is truly remarkable and the experience is fun. iGiftFund's commitment to donor individuality and personalization is our hallmark, distinguishing us from the large commercial and charity-based DAF sponsors. Based in Hudson, Ohio, iGiftFund works nationally with donors and with financial advisors on their familiar investment platform in open architecture. Funds start at \$25,000.

Learn more at www.iGiftFund.org or contact Phil Tobin at 1-800-810-0366.



iGiftFund

stewards for donor advised funds