

## Maximize Your Charitable Giving By Using Your IRA

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### Did you know that you can minimize taxes owed by using your IRA to make a charitable donation?

If you are over age 72 and have an IRA, you already know that you must start taking required minimum distributions (RMD) from your IRA and include those distributions in your taxable income. If you subsequently donate to charity, you will be donating with after-tax dollars.

There is a better way to give to charity and pay less in taxes – it's called a qualified charitable distribution (QCD)! The IRS allows you to direct up to \$100,000 of your RMD distribution amount straight to qualified charities (those recognized by the IRS under Section 501(c)(3)). While the IRS does not allow donors to make a QCD directly to their own donor-advised fund, you have three other options with the support of the Orange County Community Foundation (the Foundation).

1. **Field-of-Interest Funds** – this fund type allows you to support evolving community needs by focusing on the area of interest that you choose, like the environment or the arts. These funds are managed by the Foundation vs. the donor and therefore are allowable for QCD donations by the IRS. With these funds, you can donate, and The Foundation will grant to multiple nonprofits in the interest area. The Foundation has **several funds already established** or you can create a new fund in a different area of interest
2. **Designated Nonprofit Funds** – this fund type allows for granting to specific nonprofits who will receive annual grants in perpetuity. The Foundation has several current **Designated Nonprofit Funds** to select from or you can establish new designated nonprofit funds for an organization(s) you choose.
3. **Orange County Endowment Fund** – assist the enduring role of the Orange County Community Foundation to support the critical needs and catalyze sustainable community impact across Orange County.

With either of these fund types, the QCD amount you donate will NOT be included in your taxable income for the year.

If you are not ready or able to take advantage of lifetime charitable gifts using your IRA, you may also consider making your donor advised fund (DAF) or any of the OCCF Funds described above as beneficiaries of your IRA upon your death. IRA proceeds are taxable to your individual beneficiaries when they are required to withdraw them following your death (typically they must withdraw all funds within 10 years of your death), so they will only receive

a fraction of what is in your IRA. By naming your DAF or an OCCF Fund as the beneficiary, the entire balance of your IRA will go to charities that you support. Assigning your DAF or OCCF Fund as a beneficiary of your IRA is easy.

Our team is here to assist you in understanding your options and answering your questions. We can help you donate to or create your favorite OCCF Charitable Fund today by making your year-end gift before December 31, 2023.

Please reach us directly to learn more and discuss your options.

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