

Bread and Butter Strategy: QCDs for Clients 70½ and Older



As the economic and legislative environment continues to evolve, advisors are sharpening every tool they have to help clients meet both their financial and charitable goals. Provisions enacted as part of the One Big Beautiful Bill Act (OBBBA) are prompting renewed focus on strategies that merge tax efficiency with meaningful community impact. Among the most powerful tools in this space for clients age 70½ and older is the Qualified Charitable Distribution, or QCD.

IRA assets in the United States total nearly [\\$18 trillion](#), and the vast majority of your clients likely own at least one IRA. You're likely very aware that traditional IRAs are among the most heavily taxed assets for retirees because withdrawals are generally treated as ordinary income, often pushing retirees into higher tax brackets when they begin taking required minimum distributions at age 73. In addition, IRAs are fully includable in the owner's taxable estate, meaning heirs may face both estate taxes and income taxes when they inherit the account. This double layer of taxation can significantly erode the value of an IRA, making it one of the least tax-efficient assets to pass to beneficiaries compared to other holdings.

Against this backdrop, the QCD can come in very handy. A QCD allows an individual aged 70½ and older to give up to \$108,000 in 2025 directly from an IRA to an eligible charity. As a result, the QCD is a tax-savvy way for clients to fulfill charitable intentions while managing taxable income.

Here's why QCDs are more important [now](#) than ever:

- Although the OBBBA doesn't directly change QCD rules, it's likely to make them even more relevant. The reason is that QCDs reduce adjusted gross income (AGI) rather than operating as an itemized deduction. That distinction is crucial because the OBBBA will continue to influence how many taxpayers itemize, particularly older adults.
- Because a QCD can count toward required minimum distributions (RMDs) without increasing taxable income, it provides a double benefit: supporting charitable organizations while helping to manage income-related Medicare surcharges (IRMAA) and preserving tax credits and deductions that phase out as AGI rises.
- Starting in 2026, under the OBBBA, the Internal Revenue Code will impose a 0.5 percent of AGI floor for deducting charitable contributions, and also limit the value of those deductions for high-income taxpayers by capping the benefit at 35 percent, even when the taxpayer's top marginal rate is 37 percent. The practical impact is that your high-income-earning clients will experience reduced tax advantages from traditional itemized charitable deductions in the years ahead.

The team at the Chester County Community Foundation can help you structure a QCD that supports the causes your clients care about—whether through a field-of-interest, designated, or unrestricted fund. While donor-advised funds can't receive QCDs, many families work with the Community Foundation to maintain multiple types of funds side by side, often pairing the flexibility of a donor-advised fund with a fund that can receive QCDs.

Now is the time to revisit these strategies with your clients. Together, we can help them give meaningfully, reduce tax exposure, and continue to make an impact in the community we all love.

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