

## Good News Keeps Coming: Retirement Plans and Charitable Giving

You've no doubt noticed that Qualified Charitable Distributions ("QCDs") continue to gain [traction](#) as one of the most practical and effective charitable planning tools for clients over age 70 ½. By allowing eligible clients to transfer funds directly from an IRA to a qualified charity without recognizing the distribution as taxable income, QCDs can help reduce adjusted gross income while supporting charitable priorities. For many clients—especially those who do not itemize deductions—a QCD is particularly appealing.

What's especially notable is that in recent years, Congress has expanded planning opportunities by [indexing](#) annual giving limits

for inflation (\$111,000 per person in 2026) and allowing certain one-time QCDs ("Legacy IRAs") to fund charitable gift annuities and charitable remainder trusts. And now, proposed legislation known as the "[Charity Parity Act](#)" would, if enacted, [extend](#) QCD treatment beyond IRAs to include employer-sponsored retirement plans such as 401(k)s, 403(b)s, and 457(b)s. This potential change in the law would remove the extra step of rolling assets into an IRA before making a charitable gift, simplifying the process for many donors whose retirement savings remain primarily in workplace plans.

Consider a typical client scenario. Your client, age 74, is taking Required Minimum Distributions ("RMDs") from a traditional IRA. Because the client claims the standard deduction, charitable gifts [do not generate](#) additional tax savings. By instead directing a portion of the RMD to a qualified charity as a QCD, the client can satisfy part or all of the RMD obligation without increasing taxable income. In many cases, this can also [help](#) reduce Medicare premium surcharges and lessen the taxation of Social Security benefits, creating planning advantages beyond the charitable deduction itself.

Here are three examples of how the community foundation can help your client achieve charitable goals through QCDs:

- A client directs a QCD from an IRA to the Chester County Community Foundation's unrestricted fund to support broad community needs. The client satisfies part or all of the client's annual RMD requirements while supporting flexible grantmaking that addresses changing priorities in the region.
- A client uses a QCD to contribute to a field-of-interest fund at the Community Foundation focused on causes such as education, healthcare, the arts, or environmental conservation. This allows the client to support a specific area of passion while relying on the Community Foundation's expertise to identify effective nonprofit organizations over time.
- A client makes a QCD to an existing designated fund or scholarship fund held at the Community Foundation. For example, the client may support a favorite local nonprofit through a designated fund or help students pursue higher education through an endowed scholarship fund, all while reducing taxable income through a QCD.

Keep in mind that charitable giving with IRAs goes beyond current gifts to charity! As part of advising clients about their IRAs, be sure to check their beneficiary designations. Not only is it tax advantageous for a client to name a fund at the Chester County Community Foundation or other public charity as beneficiary of an IRA, but it's also a best practice to avoid problems in the future. (Retirement plan beneficiary designations continue to show up in [cautionary](#) tales!)

For attorneys, CPAs, and financial advisors, developments related to QCDs are worth watching closely. QCDs increasingly serve as a natural connector among retirement planning, philanthropy, and legacy conversations. Just as importantly,



QCD discussions often open the door to broader planning opportunities, helping clients align financial goals with the causes and communities they care about most.

As always, please reach out to our team here at the Chester County Community Foundation anytime!

For more information, contact the Chester County Community Foundation:

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*The team at the Chester County Community Foundation is a resource and sounding board as you serve your philanthropic clients. We understand the charitable side of the equation and are happy to serve as a secondary source as you manage the primary relationship with your clients. This newsletter is provided for informational purposes only. It is not intended as legal, accounting, or financial planning advice.*