

DIOCESE OF BUFFALO INTERNAL AUDIT NEWSLETTER

Qualified Charitable Distributions (QCDs)

November 2023

INTERNAL AUDIT TEAM

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What is a Qualified Charitable Distribution (QCD)?

A Qualified Charitable Distribution (QCD) allows individuals who are 70 ½ years old or older to donate up to \$100,000 to one or more charities directly from an IRA. For a married couple, if both spouses are age 70 ½ or older and both have IRAs, each spouse can donate up to \$100,000 for a total of \$200,000 per year. Eligible IRA types include traditional, spousal, inherited, rollover, inactive SIMPLE & SEP plans, and in some cases, Roth accounts.

Amounts that qualify as a QCD are not reported as charitable donations on Itemized Deductions Schedule A (Form 1040). In other words, donors **DO NOT** receive a charitable tax deduction for a Qualified Charitable Distribution from their IRAs. The Qualified Charitable Distribution must be paid directly from an IRA to an eligible charitable organization. The principal advantage to the donor is this direct transfer of funds from an IRA is not recognized by the donor as taxable income.

*****Funds distributed directly to the IRA owner which are then given to the parish do not qualify as a QCD.** These would be recorded as a donation.

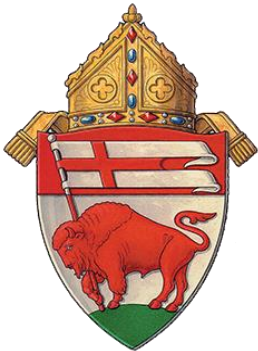
The donor **MUST** get a gift substantiation letter, even if the QCD documentation states otherwise, which is a written acknowledgement of their contribution from the parish. In general, the acknowledge must state the date and amount of the contribution and indicate whether the donor received anything of value in return. A copy of the acknowledgment must also be retained in the parish files.

PDS Ledger

Parishes should record Qualified Charitable Distributions as a donation in PDS Ledger and this donation must be reported in line #206.2 on the annual report. Qualified Charitable Distributions must not be recorded as a bequest or memorial.

PDS Church Office

Parishes should have a Qualified Charitable Distribution Group & Activity in PDS Church Office. This should be established in a separate Donation Fund or in Fund 1 Church Contributions. The Function of the Activity for Qualified Charitable Distributions must be **Payment Non-Deductible**.



Parish Data System - Church Office

File Information Personnel Sacramental Registers Reports Processes Administration

Fund Setup Users & Passwords View User Log Q Search Order by: Fund ID Save Add Fund Delete Fund Cancel

Fund Activities

Program Access ✓

Print

Consolidate Amounts

Usage Reports

Reorder Funds List

Exit Program

Fund Information:

Fund Identifier: 3

Fund Name: Donations

Due Dates for Quarterly, Semi-Annual, or Annual are Based on the: Fund Period

Recurring Charges are Due on the: First Day

Increase Pledge to Match Payments:

Fund Periods:

Year	Starting	Ending	Goal
23	01/2023	12/2023	

Combine Add to Fams

Group Name	Activity Name	Function of the Activity
Donations - QCD	Qualified Charitable Distributions	Payment - Non-Deductible
Bequest	Bequest	Payment - Deductible
Memorials	Memorials	Payment - Deductible
General Use	General Use	Payment - Deductible