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.