

## **MAXIMIZE TAX SAVINGS THROUGH QUALIFIED CHARITABLE DISTRIBUTIONS (QCD) OF IRA REQUIRED MINIMUM DISTRIBUTIONS (RMD)**

A Qualified Charitable Distribution (QCD) is a special type of charitable gift that allows you to donate money directly from your IRA to a 501(c)(3) public charity *while satisfying part or all of your Required Minimum Distribution (RMD)* without the distribution being taxed as income.

**Learn for Life Foundation (LFL) is a 501(c)(3) public charity. All your Required Minimum Distributions (RMDs) are Qualified Charitable Distributions (QCDs). You can make 100% of your QCD into an LFL Endowment Account (like a DAF), manage the money in the Account and distribute it over time to charitable causes globally with no administrative or transaction fees. LFL matches your donation for our education causes for less-privileged children in developing communities.**

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### **✔ What Is a Qualified Charitable Distribution (QCD)?**

A QCD is a tax-free transfer made directly from your IRA custodian to an eligible charity once you are age 70½ or older. It is one of the most tax-efficient ways for retirees to give.

Key Characteristics

- Must come directly from an IRA (Traditional, Rollover, Inherited, and some SIMPLE/SEP IRAs if not active).
- You must be at least 70½ years old *on the date the distribution is made*.
- The check/ transfer must go directly to qualified 501(c)(3) public charity, not to you first.
- Annual limit in 2026: Up to \$111,000 per person (or \$222,000 per couple).

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### **✔ How a QCD Works With Your RMD**

A QCD can be used to satisfy your Required Minimum Distribution for the year.

Example: Your RMD = \$15,000

You make a QCD of \$15,000

RMD = fully satisfied and none of it is taxable income

This makes QCDs particularly valuable for retirees who want to lower their taxable income while supporting charities.

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### **✔ Why a QCD Is So Tax-Efficient**

#### 1. Excluded From Taxable Income

A QCD does not show up as income on your tax return, unlike a typical IRA withdrawal.

#### 2. Reduces Adjusted Gross Income (AGI)

- Lower AGI means potential savings on:
- Medicare Part B/D premiums (IRMAA surcharges)
- Taxation of Social Security benefits

- Income-based phase-outs and credits

### 3. Works Even If You Do *Not* Itemize Deductions

Most retirees take the standard deduction — meaning normal charitable deductions provide no tax benefit.

4. A QCD still provides full tax advantage. Avoids New 2026 Charitable Deduction Limits  
New rules restrict itemized charitable deductions, but QCDs bypass these limits entirely.

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## **Benefits of donating 100% of your annual IRA Required Minimum Distribution (RMD) to a 501(c)(3) public charity using a Qualified Charitable Distribution (QCD).**

When you donate all (or part) of your IRA RMD through a Qualified Charitable Distribution (QCD), you unlock multiple tax and financial advantages. These benefits are especially valuable for retirees, given changes in 2026 tax law and higher RMD ages.

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### **1. The Donation Satisfies Your RMD Without Creating Taxable Income**

A QCD counts dollar-for-dollar toward your annual required minimum distribution.

If your RMD is \$20,000 and you donate \$20,000 directly from your IRA to a charity, your RMD obligation is fully met.

You owe *zero* income tax on that \$20,000, because QCDs are fully excluded from taxable income. This makes a QCD dramatically more tax-efficient than taking the RMD as income and then donating it separately.

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### **2. Reduces Your Adjusted Gross Income (AGI) — A Major Advantage**

Unlike a typical charitable donation (which is an itemized deduction), a QCD reduces your AGI directly, because the distribution never enters taxable income.

Lower AGI can:

- reduce or avoid Medicare IRMAA surcharges,
- reduce the taxable portion of Social Security benefits,
- help avoid phase-outs in various tax credits,
- help keep you in a lower marginal tax bracket.

AGI reduction is one of the most powerful benefits of a QCD versus traditional charitable giving.

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### **3. Valuable Even if You *Do Not* Itemize Deductions**

Most retirees will take the increased standard deduction in 2026. Under those rules, normal charitable donations may provide no tax benefit.

QCDs remain fully tax-advantaged regardless of whether you itemize or not. [\[wiss.com\]](https://www.wiss.com)

This means you get tax benefits even when traditional charitable deductions would be worthless.

#### 4. Avoids New Charitable Deduction Limitations Taking Effect in 2026

Under the 2026 One Big Beautiful Bill Act (OBBBA):

Itemizers can *only* deduct charitable donations exceeding 0.5% of AGI, dramatically reducing the usefulness of normal charitable deductions.

A QCD bypasses these restrictions entirely because it's excluded from income, not deducted.

So, donating through a QCD becomes even more advantageous in 2026.

#### 5. You Can Donate Up to \$111,000 Per Year (2026 Limit)

You may donate up to \$111,000 per year per taxpayer using a QCD in 2026.

Married couples with separate IRAs can donate up to \$222,000.

This flexibility allows you to donate more than your RMD if you choose.

#### 6. Reduces Future RMDs

Since a QCD lowers your IRA balance, it can reduce:

- next year's RMD amount
- lifetime taxable withdrawals
- total taxes paid over retirement

Especially useful between ages 70½ and 73, when you can make QCDs *before* RMDs begin.

#### 7. 100% of Your Gift Goes to the Charity

Because the funds never pass through you or get taxed, the charity receives the full pre-tax value of your IRA withdrawal.

This often results in a larger effective donation compared with donating after-tax cash.

#### Summary of Benefits

Benefit	Why it Matters
Satisfies your RMD tax-free	Avoids income tax on RMD amounts.
Reduces AGI	Helps with Medicare premiums, Social Security tax, and tax brackets.
Works even if you take the standard deduction	Major advantage under 2026 rules.
Avoids new charitable deduction limitations	Better than itemizing in 2026 and beyond.
Allows large donations (up to \$111k)	More than enough to cover typical RMDs.
Reduces future RMDs	Lowers long-term tax burden.
Charity receives full untaxed amount	Maximizes the donor's impact.



## About Learn for Life Foundation and Sunbird Trust

Learn for Life Foundation (<https://learnforlifefoundation.org/>) was founded in 2011 as a US-registered 501(c)(3) public charity, that makes direct grants to non-profit education groups in developing countries, with special focus on India.

Sunbird Trust (<https://sunbirdtrust.com/>) is a non-religious and apolitical not for profit organization working in remote and conflict affected parts of North East India with the motto of Peace through Education. It facilitates physical and financial access to education through building schools and hostels and providing education sponsorships.

Donors can donate directly to the Sunbird Trust General Fund at Fidelity Investments in the US, which will be partially matched by Learn for Life Foundation, so your contribution will go further. There will be no deduction of any administrative or other expenses, so 100% of the funds go directly to benefit the less-privileged children in tribal and rural areas, compared to most other well-known non-profits like UNICEF who spend between 15-20% on overheads.

All funds go to partner institutions in India where 100% of the donation is spent on educational infrastructure or sponsoring underprivileged children. According to LFL's CPA all cash contributions are deductible up to 100% of Adjusted Gross Income.

Capital and Operating Expenses in 2026:

- Raising two schools (Capital Budget: USD 100,000 per school up to Class VII)
- Building five hostels (Capital Budget: USD 50,000 per hostel for 50 children)
- Sponsoring education of 5,000 school children (Operating Budget: USD 320,000 @ US\$64 per child per year)
- Sponsoring 500 children's boarding (USD \$ 160,000 @ US \$ 340 per child per year)
- Contributions or Commitments of \$50,000 or more include "Naming Rights" to schools, hostels or children's scholarships (e.g. Sunbird School/Hostel – Sponsored by Jane Doe Endowment)

Donations can be made to the Sunbird General Fund, or if you would like to get a larger tax deduction for 2026, you can request your own "Named Endowment" at Fidelity (e.g. John Smith LFL-Sunbird Endowment), which can be managed by you or your financial advisor, and make annual distributions to Sunbird from your endowment's dividends and investment returns.

Best Regards

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