

they and/or their spouse will be taxed on the distributions from the life income gift as they are made over their lifetime(s). Note that the tax benefit of using the QCD and not having to take the RMD into gross income is available to all donors, not just those who itemize their charitable deductions.

Q: How will the payments from the CRT or CGA be taxed to the income recipients?

A: 100% of the annual payments from the CRT or CGA are fully taxed as ordinary income to the beneficiaries or annuitants. The payments must be reported on either Schedule K-1 (CRT) or 1099-R (CGA).

Q: What is the RMD age?

A: Immediately prior to SECURE 2.0, the RMD age was 72. SECURE 2.0 raises the age at which the owner of an IRA or other qualified retirement plan must start taking RMDs, increasing from age 72 to 73 for individuals who turn 72 after December 31, 2022, and turn 73 before January 1, 2033. The initial RMD age will further increase to age 75 in 2033.

Q. Does the increase in the RMD age affect the age for making a QCD?

A: No. SECURE 2.0 did not change the QCD age. It remains at age 70 ½.

Q: Are there other provisions of Secure 2.0 that are attractive for charitable giving purposes?

A: Yes. SECURE 2.0 adjusts the \$100,000 annual limit on an IRA owner's outright QCDs for inflation beginning in 2024. As of calendar year 2024, the maximum amount for outright QCD gifts is \$105,000. The Act also adjusts the \$50,000 one-time QCD ceiling to fund CRTs and CGAs annually for inflation for those who make their one-time election in a future year. The inflation adjusted amount for QCD-funded CGAs or CRTs is \$53,000 starting in calendar year 2024.

Q: Why might a donor want to fund a CGA with a QCD from their IRA?

A: There may be donors who are philanthropically inclined and would like to use their QCD for charitable purposes but are concerned about their retirement income. Funding a CGA using a QCD from an IRA is one way to accomplish charitable intent while also providing a stream of fixed income payments for their lifetimes backed by Bowdoin College.

Q. What are the best reasons for using the one-time QCD election to fund a CGA?

A: A QCD-funded CGA allows donors to spread the income tax liability otherwise incurred from their RMD over their life expectancy rather than taking their RMD and paying income tax on it in the year of the withdrawal. Also, IRA RMDs are calculated annually, resulting in variable annual income for IRA owners. Converting a portion of IRA assets to a CGA provides fixed annual income, an attractive option for donors who want a more secure stream of income during retirement.

Q. How can I stay informed about the inflation adjusted amount of the IRA QCD each year?

Contact Bowdoin's Office of Gift Planning by emailing giftplanning@bowdoin.edu or calling 207-725-3172. Additionally, you can visit bowdo.in/giving-methods to verify the latest information about the IRA QCD giving method.

Q. Does Bowdoin College have a minimum amount for establishing a CGA or CRT?

A. Yes. The minimum amount for a CGA is \$10,000 and \$100,000 for a CRT. An IRA owner and an IRA owner spouse can establish a QCD-funded CRT using each of their QCD limit.

We will be keeping an eye out for legislation that could expand SECURE 2.0's provisions. SECURE 2.0 may be just the beginning.