



## LEGACY IRA ACT Q&A

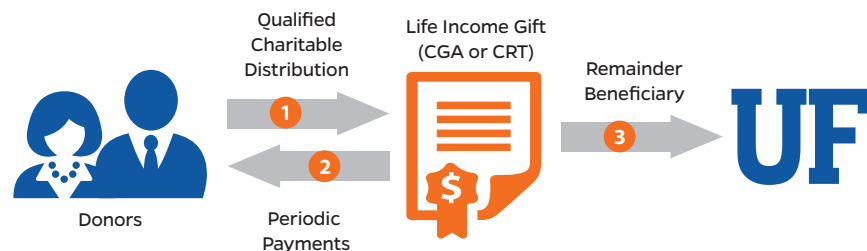
The Legacy IRA Act provides a charitable planning opportunity for those age 70 ½ or older. Included in the Consolidated Appropriations Act of 2023, the Legacy IRA Act permits you, under certain circumstances, to make a Qualified Charitable Distribution (QCD) from an IRA to fund a Charitable Gift Annuity (CGA) or a Charitable Remainder Trust (CRT).

### **What is the “Legacy IRA Act”?**

A law enacted in 2023 that permits you to make a one-time tax-free QCD from an IRA in exchange for a life income gift (Charitable Gift Annuity or Charitable Remainder Trust).

**Charitable Gift Annuity funded with QCD:** A contract between you and a charity where you transfer assets in exchange for the charity’s promise to pay a fixed annuity to you and/or your spouse for life. When the annuitant(s) passes away, the charity receives the remainder.

**Charitable Remainder Trust funded with QCD:** A charitable giving vehicle that generates lifetime income for you and/or your spouse through a trust that is established for the lifetime of the beneficiary(ies) or a term of up to 20 years. When the trust ends, the remainder is distributed to one or more charities named in the trust document.



### **How much can I contribute through a QCD to establish a CGA or a CRT?**

In 2025, a maximum of \$54,000 to fund one or more gifts at one or more charities in a single tax year. The total amount distributed counts toward the annual \$108,000 limit for QCDs. The maximum QCD amount will increase annually to account for inflation.

### **How often can I use a QCD to fund a life income gift?**

Only in one single tax year. While you can make QCDs of up to \$108,000 annually, the life income QCD can only be used in one year during your lifetime. However, you can make multiple life income QCD gifts during that single tax year, up to the \$54,000 maximum.

### **Will a QCD to a life income plan count toward my Required Minimum Distribution (RMD)?**

Yes. Just like an outright QCD, a QCD to fund a life income gift may count toward your RMD.

**Is there an age requirement?**

You must be at least age 70½ to be eligible to make a QCD contribution either outright or to fund a CGA or CRT.

**Can I name other individuals to receive life income payments from CGA or a CRT funded with a QCD?**

Only you and/or your spouse may be named as life income beneficiaries when a CGA or a CRT is funded with a QCD.

**What is the minimum payout from a QCD life income gift?**

The minimum payout for a life income gift funded with a QCD is 5%. Since CGA rates are based on the age of the annuitants, using the rates set by the American Council on Gift Annuities (ACGA) effective January 1, 2024, annuity rates for a single life age 70½ or two lives, both age 70½, will exceed 5%. However, you should be aware that if one annuitant spouse is under age 70½, the suggested rate may have to be increased to meet the 5% minimum requirement.

GIFT ANNUITY RATES - ONE RECIPIENT						
Your Age	65	70	75	80	85	90+
Lifetime Annuity Rate	5.7%	6.3%	7.0%	8.1%	9.1%	10.1%

GIFT ANNUITY RATES - TWO RECIPIENTS						
Your Age	65/70	70/75	75/80	80/85	85/90	90/95+
Lifetime Annuity Rate	5.2%	5.8%	6.5%	7.3%	8.7%	9.9%

*\*Rates established by the American Council on Gift Annuities (ACGA) effective at UF on January 1, 2024.*

**Can I make an additional contribution to a CRT funded with an IRA QCD?**

Additional contributions to a CRT funded with a QCD are not permitted.

**Are QCD life income payments taxable?**

Yes, all annual payments from CGAs and CRTs funded with QCDs are taxed as ordinary income.

**Am I eligible for a charitable deduction for a CGA or CRT funded with a QCD?**

While you cannot claim an income tax deduction, by utilizing the QCD, you can lower taxable income, which may provide greater income tax savings in comparison to making a cash gift and claiming an income tax deduction.

**Can I fund a deferred or flexible deferred CGA with a QCD?**

QCDs may only be used to fund standard CGAs.

**Can I make a QCD if I’m still making contributions to my IRA?**

You can make a QCD from a traditional IRA to which you are still making contributions. However, the aggregate amount of deductible IRA contributions you make after you turn 70 ½ will reduce the amount of the QCD that is not includible in your gross income. You cannot make a QCD from an “active” SEP-IRA or SIMPLE-IRA. Consult your tax advisor for guidance.

**If you are interested in supporting the University of Florida with a CGA or a CRT funded with a QCD, please contact UF’s Office of Estate & Gift Planning.**

**Contact**

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866-317-4143 | 352-392-5512 | [giftplanning@uff.ufl.edu](mailto:giftplanning@uff.ufl.edu)

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