



## Northeastern Gift Planning

### Setting Every Community Up for Retirement Enhancement Act: SECURE 2.0 Effective as of January 1, 2023

#### Important Highlights for Charitable Giving:

- The age to begin taking the **Required Minimum Distribution (RMD)** from qualified retirement plans has been raised from 72 to 73 beginning in 2023. The age will increase again to 75 in 2033.
- Owners of traditional IRAs may make annual gifts directly to qualified charities through a **Qualified Charitable Distribution (QCD)**, satisfying all or a portion of their RMD without having to pay federal income tax on that distribution.
  - SECURE 2.0 made no change to the age at which the owner of a traditional IRA can make a QCD gift; this age remains 70.5.
- SECURE 2.0 now permits a QCD to be used to fund a life income gift, *with limitations*.
  - At 70.5 or older, a donor can make a one-time election to use up to \$50,000 of their QCD to fund a charitable gift annuity (CGA), charitable remainder unitrust (CRUT) or charitable remainder annuity trust (CRAT).
  - No other assets can be combined with a QCD to fund one of these life income gift arrangements.
  - This one-time election must be completed in a single year; there is no carryover for any unused portion of that \$50,000 limit.
  - All payments from the CRUT, CRAT or CGA will be fully taxable at the recipient's ordinary income tax rate – but in smaller amounts over the lifetime of the donor.
  - Only the donor and/or donor's spouse may be named as the lifetime income beneficiary.
- QCD maximums, currently \$100,000 per year, per taxpayer, will be adjusted for inflation beginning in 2024.
- All of the other rules for QCDs, a/k/a Charitable IRA Rollover gifts, remain essentially the same:
  - QCDs apply to traditional IRAs only, not a 401(k), 403(b) or any other employer sponsored retirement plan.
  - The donor must be age 70.5 or older at the time of the gift.
  - The distribution must come directly from the donor's IRA account to Northeastern.
  - Total QCD gift(s) in a given year cannot exceed \$100,000 (indexed for inflation beginning in 2024).
  - The gift must be outright and postmarked by December 31st in order to count in that same tax year. (For life income gift arrangements, the date of gift is the date the funds leave the donor's account.)
  - There is no charitable deduction permitted for QCD gifts.

*The above information is not intended as legal or tax advice. For such advice, donors should consult with their attorney or tax advisor.*

For gift illustrations contact **Northeastern University Office of Gift Planning**

**617-373-2030 | [Giftplanning@northeastern.edu](mailto:Giftplanning@northeastern.edu) | [plannedgiving.northeastern.edu](http://plannedgiving.northeastern.edu)**

SECURE 2.0 Act of 2022 is part of the Consolidated Appropriations Act, 2023, and the above-referenced material can be found at Sections 107(c) and 307.