

FREQUENTLY ASKED QUESTIONS



QCDs to Fund a Charitable Gift Annuity

As of January 2026, taxpayers 70½ or older can use a qualified charitable distribution (QCD) to fund a charitable gift annuity (CGA). Previously, QCDs could only be used to make an outright gift. Now, donors have an opportunity to make a QCD and receive income in return.

Is there a dollar limit?

Yes. While multiple charitable gift annuities can be created, the grand total must not exceed \$55,000. The \$55,000 will count towards a donor's annual \$111,000 QCD limit. In other words, a donor could fund a \$55,000 charitable gift annuity and still make a \$56,000 QCD outright gift. These limits are adjusted for inflation annually.

Is there a time limit?

Yes. When a donor uses a QCD to fund a gift annuity, they must use up the full \$55,000 within the same taxable year. For example, if a donor chooses to use a \$27,500 QCD to fund a gift annuity in 2026, they have until the end of 2026 to use QCDs to fund another \$27,500 in gift annuities. If the donor does not use the entire \$55,000 opportunity in 2026, there will be no carry forward or rollover to 2027 and beyond.

Will using a QCD to fund a charitable gift annuity satisfy an RMD?

Yes. If a donor is subject to an RMD (beginning at age 73), a QCD to fund a gift annuity will count towards that RMD. Because QCDs are optional for those ages 70½ and older, it is possible for a donor to make a QCD (as an outright gift or to fund a gift annuity) even if not subject to an RMD. Doing so may result in a decreased RMD in the future.

Will a QCD to fund a CGA result in a charitable income-tax deduction?

No. QCDs, whether used to make an outright gift or fund a gift annuity, do not provide the donor with a charitable income-tax deduction. The QCD is treated as a tax-free distribution from an IRA, and in this way provides income-tax savings.

How will the payments from a CGA funded with a QCD be taxed?

Payments from a charitable gift annuity funded by a QCD will be taxed as ordinary income.

Who can be named as an annuitant on a QCD-funded CGA?

Only a donor and spouse can be named as annuitants on a QCD funded charitable gift annuity.

Are there any other limitations to keep in mind?

- Annuity payments cannot be deferred.
- A QCD cannot be combined with other assets to fund the same gift annuity.
- Spouses can combine QCDs to fund a joint gift annuity, which would allow for a jointly funded QCD charitable gift annuity of up to \$110,000.
- A QCD-funded charitable gift annuity must be non-assignable. That means a donor may not one day give up or assign payments back to the charity.
- The minimum rate for a charitable gift annuity funded by a QCD is 5%. Currently, this is only an issue if a QCD donor funds a gift annuity for a spouse who is younger than 70½.

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