

Gift Planning with IRAs after the "Secure" Act

prepared for the February 05, 2020 breakfast meeting
of the Planned Giving Roundtable of Southern Arizona

what has changed

- **required beginning date (RBD) now age 72**, rather than 70-1/2,
[first distribution due April 01 of following year]
- **no age limit for making deductible contributions to IRA, but**
contributions after age 70-1/2 will **reduce amounts**
excludible as qualified charitable distributions (QCDs)
if deductions are in fact claimed and allowed
- **complete distribution w/in ten years** after participant's death,
except where designated beneficiary is
 - participant's surviving spouse
 - **participant's minor child**, during minority
 - disabled or chronically ill
 - not more than ten years younger than participant

what has not changed

- where no "designated beneficiary," five-year payout if
participant dies before RBD, "ghost" life expectancy if after
- definitions of designated beneficiary and see-through, conduit,
and accumulation trust not affected
[exceptions to ten-year payout rule are "eligible" DBs]
- QCDs still limited to **100k per year, after age 70-1/2**
[but QCDs do not count against RMDs until age 72]
- QCDs deemed paid first from amounts otherwise includible
in gross income, versus default rule pro rata

what it means

- likely two-year delay for some in initiating QCDs
- delayed RBD means (a) somewhat more accumulation, growth and
(b) slightly higher RMDs

what to do

- clear communication w/ prospective donors
but do not offer legal advice
- charitable remainder trust still a useful alternative for
accomplishing a "stretch" of the payout
- also **possibly** designating issuing charity as IRA beneficiary,
in exchange for gift annuity f/b/o third party bene
see PLR 200230018

Russell A. Willis III, J.D., LL.M.
<http://www.plannedgiftdesign.com>