Spring 2026

INSIGHTS

ON IRA'S & CHARITABLE GIVING



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Saint Xavier HIGH SCHOOL

This issue focuses on how individuals can use their IRA assets to accomplish charitable goals, including the recent tax law change that allows a one-time Qualified Charitable Distribution (QCD) of up to $55,000 to fund a charitable gift annuity (CGA) in 2026.

For many individuals age 70½ and older, IRAs represent one of their largest and most tax-exposed assets. This newsletter is designed to help donors understand how IRA assets can be used strategically to support charitable goals, generate lifetime income, and reduce the tax impact on themselves and their heirs.

USING YOUR IRA TO ACHIEVE CHARITABLE GOALS

As we move through life, many of us seek ways to align our financial resources with the values and causes that matter most. For individuals age 70½ and older, an IRA can be more than a retirement asset. With thoughtful planning, it can become a powerful tool for philanthropy, tax efficiency, and even lifetime income.

Recent tax law changes have expanded the ways IRAs can be used to support charitable organizations such as Saint Xavier High School, while still addressing personal financial goals. Understanding these options can help you make informed decisions that reflect both your values and your long-term plans.

UNDERSTANDING YOUR IRA IN THE CONTEXT OF YOUR ESTATE

IRAs are unique assets within an estate. While they are excellent vehicles for tax-deferred growth during life, they are often among the most heavily taxed assets when passed to heirs.

Unlike real estate, taxable investment accounts, or business interests, distributions from traditional IRAs are generally subject to ordinary income tax when withdrawn by beneficiaries. In addition, depending on the size of an estate, IRA assets may also be subject to estate tax. For many families, this combination of income and estate taxation can significantly reduce the value ultimately received by heirs. In contrast, charitable organizations do not pay income tax on IRA distributions, making them ideal beneficiaries of retirement assets.

The recent "10-year payout rule" can also accelerate the tax impact for many families. In many cases, when a traditional IRA is inherited by a non-spouse beneficiary, the account must be fully distributed within 10 years. For adult children, those withdrawals may occur during peak earning years, potentially increasing their taxable income and, in some situations, affecting Medicare premium surcharges.

By using other assets to provide for loved ones and directing IRA assets to charity, many individuals are able to preserve more overall value for both their family and the causes they care about most.

A PROVEN STRATEGY: QUALIFIED CHARITABLE DISTRIBUTIONS

For individuals age 70½ or older, a Qualified Charitable Distribution (QCD) allows direct transfers from an IRA to qualified public charities.

Key features of QCDs include:

- In 2026, up to $111,000 per individual per year may be transferred directly from an IRA to charity
- QCDs can satisfy all or part of your required minimum distribution (RMD)
- The distribution is excluded from taxable income
- No charitable deduction is required to realize the tax benefit



For many donors, this approach results in greater tax savings than making a charitable gift with after-tax dollars. Because the income is never reported, QCDs can also help reduce adjusted gross income, which may positively affect Medicare premiums and other income-based thresholds.

QCDs must be transferred directly from the IRA custodian to the charitable organization, and no goods or services may be received in return. Donor-advised funds and supporting organizations are not eligible recipients. Private foundations are also not eligible to receive QCDs.

A NEW OPPORTUNITY: LIFETIME INCOME THROUGH A CHARITABLE GIFT ANNUITY (CGA)

Recent legislation introduced an important new option for IRA owners: a one-time QCD of up to $55,000 may now be used to fund a CGA in 2026.

A CGA is a simple contract between a donor and a nonprofit organization. In exchange for a gift, the organization agrees to make fixed payments to one or two individuals for life. At the end of the payment period, the remaining value supports the institution's mission.

THIS NEW PROVISION ALLOWS DONORS TO USE IRA ASSETS TO:

- Create predictable, fixed income for life
- Reduce taxable income
- Make a meaningful future gift to Saint Xavier High School

This opportunity may be especially attractive to our donors who value stability, are less comfortable with market volatility, or wish to convert a portion of their retirement assets into dependable income while supporting philanthropy.

It is important to note that this option is available only once per individual and is subject to specific rules. Consulting with a financial or tax advisor is essential to determine whether this strategy aligns with your overall plan.

A one-time QCD used to fund a charitable gift annuity counts toward your annual QCD limit for that year.

For example, in 2026 the annual QCD limit is $111,000, and a $55,000 QCD to fund a CGA would reduce the remaining QCD capacity for other charitable gifts.

In addition to charitable gift annuities, recent legislation also permits a one-time QCD to fund a Charitable Remainder Trust (CRT). This option may appeal to donors who prefer a trust-based structure, wish to provide income to multiple beneficiaries, or want more flexibility in payout arrangements. Like the CGA approach, a QCD to a CRT is limited to a single use per individual and applies toward the annual QCD maximum.

WHY THIS MATTERS

Many of our donors find that their IRA is one of their largest assets, yet it is often the least efficient asset to pass to heirs. Using IRA assets for charitable purposes can offer several advantages.

With thoughtful planning, IRA giving can help you meet charitable goals today while strengthening your financial plan for the future.

NAMING SAINT XAVIER HIGH SCHOOL AS A BENEFICIARY OF YOUR IRA

Every IRA requires a beneficiary designation. This form, not your will, determines who receives the remaining assets at death.

In addition to utilizing annual QCDs, you may name Saint Xavier High School as:

- A primary beneficiary
- A contingent beneficiary
- A beneficiary of a percentage or specific amount of the account

For married individuals, a spouse is often named as the primary beneficiary, with charitable organizations named as secondary or contingent beneficiaries. This approach allows flexibility, as a surviving spouse may later revise beneficiary designations if circumstances change.

Naming a charitable organization as an IRA beneficiary is one of the simplest and most effective planned gifts. It requires no changes to your will, avoids income tax entirely, and can be updated easily as your goals evolve.

PLANNING FOR LOVED ONES AND CHARITABLE IMPACT

Many individuals worry that charitable planning will reduce what they leave to family members. In reality, thoughtful coordination often allows donors to provide more effectively for both.

For example:

- Heirs may receive assets that receive a step-up in basis, such as real estate or taxable investments
- Charitable organizations may receive IRA assets that would otherwise be heavily taxed
- Lifetime income options, such as charitable gift annuities, can support donors during life while benefiting charity later

This coordinated approach can preserve family wealth while making a lasting philanthropic impact.

A PLANNING EXAMPLE

John and Susan, both aged 74, wanted to support Saint Xavier High School while ensuring stable income in retirement. They used a one-time $55,000 QCD to fund a charitable gift annuity. The annuity now provides fixed payments for life, and the remaining value will one day support programs they care deeply about.

For them, this strategy offered peace of mind, predictable income, and the satisfaction of knowing they had made a meaningful future gift.

QUESTIONS TO ASK YOUR FINANCIAL ADVISOR

If you are considering using your IRA for charitable purposes, you may wish to discuss the following with your financial or tax advisor:

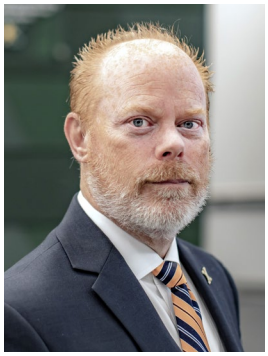
- Am I eligible for QCDs or the new CGA option under current law?
- How will these strategies affect my required minimum distributions?
- What portion of my IRA might be appropriate for charitable planning?
- How does this fit with my overall estate and legacy goals?



LET US HELP YOU EXPLORE YOUR OPTIONS

Every individual's situation is unique. If you would like to explore how IRA charitable planning might fit into your goals, we invite you to contact us for a confidential conversation. There is no obligation, and we are happy to work collaboratively with your professional advisors.

Please return the enclosed reply card or contact:



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With thoughtful planning, your retirement assets can support both the people and the missions you care about most, creating impact that extends well beyond your lifetime.

Saint Xavier
HIGH SCHOOL

CONFIDENTIAL

Please send me information on how I can leverage my retirement planning vehicle(s) to also provide charitable gifts:

☐ Using my IRA for charitable giving

☐ Qualified Charitable Distributions (QCDs)

☐ Charitable Gift Annuities

☐ Including St. Xavier High School in my will or estate plan

☐ Other gift planning options

NAME _____

ADDRESS _____

CITY, STATE _____ ZIP _____

MOBILE _____ HOME _____

BUSINESS _____

EMAIL _____

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