



# The Six Key Things Fundraising Nonprofits Need to Know About the SECURE Act

Late last week, President Trump signed the SECURE Act into law. Among other things, this law pushes back the age of Required Minimum Distributions (RMD) from 70.5 to 72.

Confused as to whether this is good or bad for you and your organization as you seek to solicit Qualified Charitable Distributions (QCD) from your older donors?

**Broadly speaking, the SECURE Act is a positive development for fundraising nonprofits, but only if you're prepared to educate your team, educate your donors, and adjust your strategy accordingly. Here's what you need to know:**

- 1. 2020 may be a year of fewer new QCD donors.** Taxpayers who turned 70.5 in 2019 will be subject to RMDs, but donors who turn 70.5 after January 1, 2020 won't be subject to RMDs until they turn 72, so 2021 at the earliest. (And, of course, anyone turning 72 in 2020 will have already been subject to RMDs because they'd turned 70.5 a year and a half earlier, when that was the minimum age.)
- 2. So IRA balances will increase.** By pushing back RMDs a year and a half, the IRS is giving retirees the gift of compound interest -- an additional year and a half to contribute to the IRA and to let investments appreciate before they're required to start withdrawing.
- 3. And RMDs will increase with them.** For IRA holders, the SECURE Act is both a blessing and a curse. Having more money for retirement is a good thing, but there's a catch: Higher balances will mean higher RMDs, which, of course, means more taxes. What does that mean?
- 4. QCDs will get bigger and more appealing to donors!** Higher RMDs, especially for IRA holders with balances of \$400,000 or more, could have seriously consequential financial implications (including raising Medicare premiums), so taxpayers looking to reduce their tax exposure will find QCDs even more appealing than in previous years, and those gifts will likely get even larger.

# F R E E W I L L

---

- 5. 70.5 year olds are still QCD eligible, and it's still beneficial to them to give.** While the SECURE Act changed the minimum age for RMDs, it did not change the minimum age for QCDs. What does that mean? IRA holders may not feel any urgency to withdraw funds from their IRAs if they're not required to do so, but giving a QCD before turning 72 will help them lower their eventual RMDs, so it could be a savvy move for donors who have large IRA balances and who are smart tax planners.
- 6. IRA holders will be more open to leaving their IRAs to charity!** The SECURE Act also eliminates [the "Stretch" IRA](#), which previously allowed non-spouse inheritors of IRAs to take distributions over the course of their anticipated life expectancy. Now, IRA inheritors are required to take full distribution within 10 years, which could expose them to a much higher tax bill. To spare their families this tax headache, IRA holders may wish to pass on different assets to their loved ones, while designating their favorite charities as beneficiaries for their IRA.

So the SECURE Act is very good for nonprofits...if you're prepared. Here's what you should do next:

- 1. Update your QCD marketing language.** Perhaps this goes without saying, but you don't want to mislead your donors by accidentally leaving up language on your website that says they need to start withdrawing from their IRAs when they turn 70.5! Make sure all your public-facing language is clear and accurate.
- 2. And if you don't already proactively market QCDs, you should start right now.** Every traditional IRA holder who is 70.5 or older is eligible to make a QCD, but not everybody knows about them! Your long-time small-dollar donors may have quite the nest egg saved up, but they may not have a team of financial and tax advisors helping them figure out what to do with it.

[FreeWill's online QCD tool can help you empower your donors to learn about their RMDs and help them make one of the most impactful donations of their lives.](#)

- 3. Don't have reliable age data on your donor list? Now's the time to get it.** The more accurately you can target your 72 and older donor community, the more successful you'll be at QCD fundraising. Surveys, polls, and fun quizzes can help you engage your donor community while also sorting them into age groups. That said, anyone whose first gift to your organization was in the 80s or earlier is a safe bet for QCD marketing.



- 4. Educate your current QCD donors and other planned giving prospects about the elimination of “Stretch” IRAs and start the IRA beneficiary designation discussion now.** Let them know that it might be beneficial to their families to consider leaving their non-IRA assets to their families and, instead, designating charities as beneficiaries to their IRAs. Another option that will likely become more popular with the passage of this law is the establishment of a Testamentary Charitable Remainder Trust and naming it as the IRA's beneficiary.

A testamentary CRT is an irrevocable trust that reduces taxable income by first disbursing income to the beneficiaries of the trust (often family members) for a set period of time before donating the remainder to a charity.

If you haven't started proactively marketing QCDs yet, or if you have and you'd like to see how much more you can achieve with a tool that helps your donors cut through the bureaucratic red tape, [visit FreeWill's website and request a demo of our intuitive and easy-to-use QCD tool.](#)