

## About the IRA Charitable Rollover

The Protecting Americans from Tax Hikes (PATH) Act of 2015, which was passed by Congress and signed into law by the president on December 18, 2015, made permanent what is popularly known as the IRA charitable rollover.

Here are the requirements and restrictions for making an IRA charitable rollover gift:

- The donor must be 70½ or older.
- The gift must be made directly from the IRA to an eligible charitable organization.
- Gifts to all charities combined cannot exceed a total of \$100,000 per taxpayer for the year.
- The gifts must be outright, and no material benefits can be received in return for the gifts. Thus a transfer for a gift annuity, charitable remainder trust, or pooled income fund is not permitted.
- Gifts cannot be made to a donor advised fund, supporting organization, or private foundation.
- The gift is not included in taxable income, and no charitable deduction is allowed.
- The gift can be made only from an IRA. Gifts from 401(k), 403(b), and 457 plans are not permitted.

An IRA rollover may be the right gift for you to make if:

- You want to make a charitable gift and your IRA constitutes the largest share of your available assets.
- You are required to take a minimum distribution from your IRA, but you do not need additional income.
- You do not itemize your deductions. In that case a personal IRA distribution increases your taxable income without the benefit of an offsetting deduction. An IRA charitable rollover will not be included in your taxable income even if you do not itemize other deductions.
- You live in a state where retirement plan distributions are taxable on your state income-tax return, but your state does not allow itemized charitable deductions.
- You would like to make an additional charitable gift, but it would not be deductible because of the annual limitation of 60 percent of adjusted gross income for charitable contributions. The IRA charitable rollover is equivalent to a deduction because it is not

- included in taxable income.
- You have an outstanding pledge to a charity. The IRA charitable rollover can satisfy a pledge without violating rules against self-dealing.

Here are the steps to take to make a gift:

- If you want to make a qualifying transfer, contact your IRA administrator and instruct that person to transfer funds to the charity(ies) you designate.
- Contact Us. We will answer your questions and provide instructions for completing your gift.