



**The IRA Charitable Rollover—  
A Simple and Smart Way to Give**

# Enjoy a Tax Benefit, Make a Difference

The IRA Charitable Rollover is a well-established and popular way to give. If you are 70½ or older, the IRA Charitable Rollover (or qualified charitable distribution) allows you to make a charitable gift and satisfy your annual required minimum distribution without paying taxes.

## How an IRA Rollover Works

- Direct a transfer from your IRA account to us
- Exclude the gift amount from your income for federal tax purposes
- Count the gift toward your required minimum distribution for that year
- Make an immediate impact on our work

## Who Benefits?

Whether you want to make a gift of \$100, \$1,000 or \$100,000 (the maximum allowed for a charitable rollover), this is a simple, effective way to make a difference, meet your annual distribution requirements, and enjoy tax benefits. Since all IRA account holders are required to take taxable minimum withdrawals after age 70½, if you want to make a gift, this option can be an effective way to avoid the income tax that would be due on your required withdrawals.

## The Basics

To understand the advantages of an IRA Charitable Rollover, it helps to understand IRA basics:

- Since an Individual Retirement Account (IRA) is a tax-deferred retirement account, contributions within stated limits are tax deductible, and appreciation and earnings are not taxed until they are withdrawn.
- When IRA owners reach age 70½, they are required to take yearly minimum distributions—even if they don't want or need the income.
- IRA distributions are taxed as ordinary income (at a marginal tax rate as high as 37% in 2019).

## Uncomplicated Giving

Before the IRA Charitable Rollover arrived, the only way to make a lifetime charitable gift using IRA assets was to make a withdrawal, pay the tax, send the proceeds to us, and hope that the charitable deduction would offset the income tax due on the withdrawal. Unfortunately, this was not always the case. With the IRA Charitable Rollover, it's a one-step solution:

**Instruct your IRA custodian to transfer a specific dollar amount directly to us.**

It's that simple—a direct transfer with an instant impact! Because you do not include the IRA Charitable Rollover amount as income, if you're over 70½, you should always consider this source of charitable funds before giving cash or writing a check.

## Some IRA Charitable Rollover Rules

- You must be 70½ or older to participate.
- You direct the funds to a qualified charity like us.
- Every year, you may exclude the gift amount (up to the maximum amount) for federal income tax purposes.
- The amount directed to us counts toward your required minimum distribution.
- The IRA trustee reports the qualified charitable distribution on a 1099-R form, and you list the amount as non-taxable on your federal 1040 income tax return.

## Benefits with Limitations

An IRA Charitable Rollover provides benefits with some important limitations. You may not:

- Take an income tax charitable deduction for the rollover
- Direct the rollover to fund a gift annuity or a charitable remainder trust
- Direct the rollover to a donor advised fund or a Sec. 509(a)(3) supporting organization
- Roll over funds from a 401(k), 403(b), 457 plan, etc.—only distributions from a traditional or Roth IRA qualify (there is less incentive to use a Roth IRA since Roth distributions are tax free)

## The Next Step

Consult your financial and tax advisors to see whether an IRA Charitable Rollover is right for you. If it is, contact your IRA custodian to request a qualified charitable distribution. Also, be sure to let us know that we should expect a distribution from your IRA. Because a qualified charitable distribution requires substantiation just like any other gift, we want to make certain that we send an acknowledgment when we receive your funds.

To learn more about how the IRA Charitable Rollover might fit into your plans, feel free to contact us. We are happy to address any questions or concerns, or to discuss how this simple but attractive charitable giving option can help you realize your philanthropic and planning goals.

