

IRA Charitable Rollover

The IRA Rollover allows people age 70½ and older to make direct transfers totaling up to \$100,000 per year to qualified charities without having to count the transfers as income for federal income tax purposes.

Transfers must come from your IRA directly to the qualified charity. If you have retirement assets in a 401k, 403b etc., you must first roll those funds into an IRA, and then you can direct the IRA provider to transfer the funds from the IRA directly to the nonprofit.

Frequently Asked Questions

Q: Can I make IRA Charitable Rollover gifts to any nonprofit?

A: Charitable IRA Rollover gifts must be directed to tax exempt organizations that are classified as 501(c)(3) charities such as CFAAC.

Q: Can I make an IRA Charitable Rollover gift to my Donor Advised Fund at CFAAC?

A: Donor Advised Funds and supporting organizations are not eligible for IRA Charitable Rollover gifts. However, other funds at CFAAC are eligible for these gifts, including Help Our Neighbors, Grants 4 Teachers, Ladders to Success, Strengthening Nonprofits, CFAAC Sustainability Fund, Scholarship Funds, and more.

Q: Can I use the IRA Charitable Rollover to fund life-income gifts such as Charitable Gift Annuities, Charitable Remainder Trusts, etc.?

A: No, these gifts are not eligible for the rollover.

Q: What are the tax implications?

A: Provided that the transfer goes directly from the IRA provider to the nonprofit, it does not count as income for federal tax purposes, so therefore it is not taxed as such. You are not entitled to an income tax charitable deduction for your gift.

Q: Does this transfer qualify as my minimum required distribution?

A: Yes, IRA Charitable Rollover gifts do count towards the minimum distributions required for people who have reached age 70½.

Q: How do I initiate an IRA Charitable Rollover?

A: Contact your plan provider to find out about their procedures. We offer a sample letter you can send to your plan provider to initiate an IRA Charitable Rollover gift to CFAAC.

Make sure that you contact CFAAC when you direct the rollover so we can look for the check from your plan provider, and confirm with you when we receive it.

Q: Who can benefit from an IRA Charitable Rollover?

A: IRA Charitable Rollover gifts are an excellent option for you if any of the following applies:

- You already make charitable contributions at your deduction limit, but you want to give more.
- Your income level causes the phase out of your exemptions or itemized deductions (limitations reinstated January 1, 2013).
- You do not itemize deductions.
- Additional income from your required IRA withdraws will cause more of your Social Security income to be taxed.
- You wish to remove up to \$100,000 from your taxable estate.
- You would like to avoid the possibility that the government will impose taxes of up to 60% on IRA funds not distributed during your lifetime

For more information about making an IRA Charitable Rollover gift, please call us at 410.280.1102