

CHARITABLE IRA ROLLOVER: FREQUENTLY ASKED QUESTIONS

What is a charitable IRA rollover?

The charitable IRA rollover, or qualified charitable distribution (QCD), is a special provision allowing certain donors to exclude from taxable income – and count toward their required minimum distribution – certain transfers of Individual Retirement Account (IRA) assets that are made directly to public charities, such as WESA / Essential Public Media.

How does this help me?

A charitable IRA rollover makes it easier to use IRA assets, during lifetime, to make charitable gifts.

What gifts would qualify for a 2015 charitable IRA rollover?

A gift that qualifies, technically termed a “qualified charitable distribution,” must be:

- Made by a donor age 70 ½ or older at the time of the gift.
- Transferred from a traditional or Roth IRA directly to a permissible public charity.
- Completed in the calendar year 2015 for the 2015 tax year.

Is there a limit on the amount that can be given?

Yes, there is a limit. An individual taxpayer's total charitable IRA rollover gifts cannot exceed \$100,000 per tax year.

What about the required minimum distribution?

If you have not already taken your required minimum distribution in a given year, a qualifying rollover gift can count toward satisfying this requirement.

Is an income tax deduction also available?

No. The gift would be excluded from income, so providing a deduction in addition to that exclusion would create an inappropriate double tax benefit.

Why are Roth IRAs included? Aren't withdrawals from a Roth IRA tax-free?

Withdrawals from a Roth IRA may be tax-free only if the account has been open for longer than five years or if certain other conditions apply. Otherwise, withdrawals are taxed as if they came from a traditional IRA. Therefore, certain Roth IRAs could benefit from a charitable IRA rollover.

Can other retirement plans, such as 401(k) and 403(b) accounts, be used?

No. However, it may be possible to make a tax-free transfer from such other accounts to an IRA, from which a charitable rollover can then be made.

Can a gift be made to any charity?

No. Excluded are:

- Donor advised funds
- Supporting organizations
- Private foundations

Who can benefit from using the charitable IRA rollover to make a gift?

- People with significant assets in an IRA
- People who make gifts that are large, relative to their income (Because a charitable rollover is not included in the taxable income, it does not count against the usual percentage limitations on using charitable deductions.
- People who have so few deductions that they choose not to itemize.

Can a rollover gift be used to fund a charitable remainder trust or charitable gift annuity?

No. The donor can receive no benefits in return for the gift. This includes life income plan payments.

Are there any benefits that a donor can receive?

The only permissible benefits from a charitable IRA rollover gift are those that would not reduce the tax deduction for which the donor would have otherwise qualified.

What if a withdrawal does not meet the requirements of a charitable IRA rollover?

It simply will be included in taxable income as other IRA withdrawals currently are.

Is the charitable IRA rollover right for everyone?

While this is a great option, other types of gifts may provide donors with more tax benefits. As with any gift planning question, donors should consult their tax professionals for specific advice.

If I made a charitable IRA rollover gift in other tax years, can I do this again for the 2015 tax year?

Yes. Even if you and your spouse both made the maximum \$100,000 charitable IRA rollover gift to a qualifying charity during one or more previous years, you can still take advantage of this legislation again for the 2015 tax year.

What about 2016 and beyond?

The current law extends the charitable IRA rollover provision indefinitely – with no expiration date – allowing individuals to make qualifying gifts every tax year.

Contact **Kathleen Iducovich**, WESA's Director of Major Giving, at 412.697.2943 if you would like any assistance completing your charitable gift.