

IRA CHARITABLE ROLLOVER

The IRA Charitable Rollover provision is permanently extended, as provided for in The Protecting Americans from Tax Hikes Act of 2015. The tax act uses the rules established under the Pension Protection Act of 2006 for qualified charitable distributions from IRA accounts. Those rules allow individuals age 70 ½ or older to exclude from their taxable income certain direct transfers from traditional and Roth individual retirement accounts (IRA) made to public charities.

Qualifying IRA transfers

1. Must be made directly from an IRA administrator/custodian to a public charity.
2. Donor must be age 70 ½ or older at the time of the transfer or gift.
3. Gifts must be received by the charity or postmarked by December 31 of the given tax/calendar year.
4. No quid pro quo gifts – a donor cannot receive any benefits or premiums in return for a gift.
5. Gifts of up to a total of \$100,000 per individual taxpayer per year are permitted.

Qualifying retirement accounts

1. Traditional individual retirement accounts.
2. Roth individual retirement accounts open for five or more years.

Excluded gifts under the act

1. Income-retained gifts – charitable gift annuities, charitable remainder trusts and pooled income fund arrangements.
2. Donor advised funds.
3. Supporting organizations.
4. Private foundations.

Excluded retirement accounts

1. SEP
2. 401(k)
3. 403(b)
4. SAR-SEP
5. SIMPLE SEP

Additional information

1. A charitable IRA rollover can count toward a donor's annual IRA minimum required distribution.
2. No income tax deductions are permitted for qualified charitable distributions, as these distributions are not included in a donor's income for federal income tax purposes.
3. Donors cannot take possession of IRA distributions as part of the gift process and qualify for special tax treatment under the IRA charitable rollover provision.

4. The IRA charitable rollover exemption applies to federal income taxation only – state and local tax laws may or may not follow the federal rules.
5. A non-qualified pension plan can be transferred into a qualified traditional IRA from which an IRA Charitable Rollover distribution can be made.

Please note

Washington and Lee University recommends that potential donors consult their legal and tax advisers about this and other gift planning options before taking action. This summary does not represent financial, tax or legal professional advice.

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