

IRA Charitable Rollover Gifts



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Use Your Traditional IRA to Make Your Charitable Gifts

The IRA Charitable Rollover, or qualified charitable distribution (QCD), provides you with an excellent opportunity to make a gift during your lifetime from an asset that would be subject to multiple levels of taxation if it remained in your taxable estate.

To qualify

- You must be age 70½ or older at the time of gift.
- Transfers must be made directly from a traditional IRA account by your IRA administrator to Scripps Research. Funds that are withdrawn by you and then contributed do NOT qualify. Gifts from 401k, 403b, SEP and other plans do not qualify.
- Gifts must be outright. Distributions to donor-advised funds or life-income arrangements such as charitable remainder trusts and charitable gift annuities do not qualify.

Benefits — qualified charitable distributions

- Can total up to \$100,000.
- Are not included in your gross income for federal income tax purposes on your IRS Form 1040 (no charitable deduction is available, however).
- Count towards your required minimum distribution for the year from your IRA.

For more information about making an IRA Rollover to Scripps Research, please contact the Office of Philanthropy (800) 788-4931. Also, make sure to let us know when you direct a rollover check to our office.

Important Please Note: This information is for educational purposes only. When considering charitable gifts you are urged to seek the advice of your own financial and legal advisor(s) about your specific situation. Scripps Research TAX ID# 33-0435954.

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Example

Suppose John wants to make a contribution to Scripps Research. He has \$500,000 in his IRA and he wants the contribution to be \$20,000. He can authorize the administrator of his IRA to transfer \$20,000 to Scripps Research and \$5,000 to himself. The \$20,000 distributed to Scripps Research will not be subject to federal tax and will be counted toward his annual minimum required distribution.

As you plan your required minimum distributions for this year, if you do not need the money the government is requiring you to take, consider using it for a charitable gift using the IRA Charitable Rollover.

Questions and Answers

H.R. 2029, the Protecting Americans from Tax Hikes Act of 2015 permanently extended the IRA Charitable Rollover. Originally passed in 2006 as part of the Pension Protection Act, the IRA Charitable Rollover allows individuals age 70½ and older to make direct transfers totaling up to \$100,000 per year to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes.

Who qualifies? Individuals who are age 70½ or older at the time of the contribution (you have to wait until 6 months after your 70th birthday to make the transfer).

How much can I transfer? \$100,000 per year. The provision no longer has an expiration date.

From what accounts can I make transfers? Transfers must come from your IRAs directly to Scripps Research. 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 administrator to transfer the funds from the IRA directly to Scripps Research.

To what charities can I make gifts? Tax exempt organizations that are classified as 501(c)(3) charities, including Scripps Research, to which deductible contributions can be made.

Can I use the IRA Charitable Rollover to fund life-income gifts (charitable gift annuities, charitable remainder trusts, or pooled income funds), donor advised funds or supporting organizations? No, these are not eligible.

How will Scripps Research count the gift? We will give you full credit for the entire gift amount.

What are the tax implications to me?

- Federal — You do not recognize the transfer to Scripps Research as income, provided it goes directly from the IRA administrator to us; therefore, you are not entitled to an income tax charitable deduction for your gift.
- State — Each state has different laws, so you will need to consult with your own advisors. Some states have a state income tax and will include this transfer as income. Within those states, some will allow for a state income tax charitable deduction and others will not. Other states base their state income tax on the federal income or federal tax paid. Still other states have no income tax at all.

Does this transfer qualify as my required minimum distribution? Once you reach age 70½, you are required to take required minimum distributions from your retirement plans each year, according to a federal formula. IRA Charitable Rollovers count towards your minimum required distribution from the IRA for the year.

Can my spouse also make an IRA Charitable Rollover, even if we are married and file jointly? Yes, every individual can use the IRA Charitable Rollover for up to \$100,000 each year.

How do I know if an IRA Charitable Rollover is right for me? You are at least age 70½, and:
You do not need the additional income necessitated by your minimum required distribution, OR
Your charitable gifts already equal 50% of your adjusted gross income, so you do not benefit from an income tax charitable deduction for additional gifts, OR
You do not itemize deductions, OR
You are subject to income phase-outs on your income tax deductions.

What is the procedure to execute an IRA Charitable Rollover? For more information about making an IRA Rollover to Scripps Research, please contact the Office of Philanthropy (800) 788-4931. Also, make sure to let us know when you direct a rollover check to our office.

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