IRA CHARITABLE ROLLOVER GIFTS PERMANENTLY EXTENDED

Did you know that the IRA Charitable Transfer benefits donors aged 70 1/2 and up?

The IRA Charitable Transfer is an excellent way to make gifts and receive tax benefits in return. As you plan your required minimum distributions for this year, consider using your IRA to make the most of your charitable giving. You receive a tax benefit even if you take the standard deduction! It’s important to consider your tax situation before deciding whether to make a charitable contribution from your IRA. Be sure to share this gift plan with your financial advisor.

To Qualify

• You must be age 70 1/2 or older at the time of gift.
• Transfers must be made directly from a traditional IRA by your IRA administrator to Center Stage Associates, Inc.
• 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.
• Gifts from 401k, 403b, SEP, and other plans do not qualify. Ask your financial advisor if it would be right for you to create a traditional IRA so you can benefit from the IRA Charitable Transfer.

Tax Benefits

• Donate up to $100,000 annually.
• IRA Charitable Transfers are excluded gross income for federal income tax purposes on your IRS Form 1040. You receive no charitable deduction.
• Count towards your required minimum distribution for the year in which you made the gift.

Example

John is 71 and wants to contribute to Center Stage Associates, Inc. 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 Center Stage Associates, Inc. Because the IRA Charitable Transfer is excluded from income, John will not be eligible for a charitable income tax deduction, but he still receives tax savings. The $20,000 distributed to Center Stage Associates, Inc. will be counted toward his annual minimum required distribution and he will not pay income tax on the portion given to charity.

Questions and Answers

What’s the IRS Rule?

The IRA Charitable Transfer allows individuals age 70 1/2 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. No charitable deduction may be taken, but distributions will qualify for all or part of the IRA owners required minimum distributions.

Who qualifies?

Individuals who are age 70 1/2 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 transfer must be outright to charity.
From what accounts can I make transfers?

Transfers must come from your IRAs directly to Center Stage Associates, Inc. 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 Center Stage Associates, Inc.

To what charities can I make gifts?

Tax exempt organizations that are classified as 501(c) (3) charities, including Center Stage Associates, Inc., to which deductible contributions can be made.

Can I use the IRA Charitable Transfer 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 Center Stage Associates, Inc. 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 Center Stage Associates, Inc. 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 70 1/2, you are required to take required minimum distributions from your retirement plans each year, according to a federal formula. IRA Charitable Transfers count towards your minimum required distribution for the year in which you make the gift.

Can my spouse also make an IRA Charitable Transfer?

Yes, every individual who is the owner of a traditional IRA can use the IRA Charitable Transfer for up to $100,000 each year.

How do I know if an IRA Charitable Transfer is right for me?

Share this information with your financial advisor.

What is the procedure to execute an IRA Charitable Transfer?

We offer a sample letter (see page below) you can send to your plan provider to initiate the transfer. Please let your plan administrator know that this gift must be sent prior to December 31 to qualify as an IRA Charitable Transfer. Make sure that you contact us skissinger@centerstage.org when you direct the transfer so we can look for the check from your IRA administrator. For more information, please contact us at skissinger@centerstage.org or 410.986.4021.

Important: Be sure to check with your financial advisor to determine whether this gift plan is right for you. This information is not meant as tax or legal advice. The material presented on this website is not offered as legal or tax advice.
Sample Letter of Instruction from Donor to IRA Provider

[DATE]
[NAME OF IRA PROVIDER]
[ADDRESS]
[CITY, STATE, ZIP]

(Call your plan provider to determine the most efficient way to send this letter of instruction)

Re: Request for Qualified Charitable Distribution from Individual Retirement Account

Dear Sir or Madam:

Please accept this letter as my request to make a qualified charitable contribution from my Individual Retirement under Sec. 1201 of the Pension Protection Act of 2006 (the PPA) and Sec. 408(d)(8) of the Internal Revenue Code of 1986, and made permanent under the Consolidated Appropriations Act of 2016. My account Number is:

[insert account number]

Please issue a check in the amount of $__________ payable to [LEGAL NAME OF ORGANIZATION] at the following address:

[NAME OF ORGANIZATION]
[STREET ADDRESS]
[CITY, STATE, ZIP]

In your transmittal to the charity, please state my name and address as the donor of record in connection with this transfer, and copy me on your transmittal. It is my intention to have this transfer qualify during the current tax year. Therefore, it is imperative that this distribution be postmarked no later than December 31 of this tax year.

If you have any questions or concerns regarding this request, I can be reached at [PHONE AND EMAIL ADDRESSES].

Thank you for your prompt attention to and assistance with this matter.
Sincerely yours,

[DONOR NAME]