

DONATING WITH AN IRA CHARITABLE ROLLOVER

What is the IRA Charitable Rollover?

If you are over age 70 ½ and have a traditional IRA, you can direct your IRA administrator to make gifts to charity directly out of your IRA. Many have found this to be a great way to support a qualified charity. The distribution is not income to the donor and there is no tax deduction, but it counts toward the donor's Required Minimum Distribution.

As a 501(c) 3 organization, the Holland American Legion Band is a qualified charity.

Criteria:

- You must be 70 ½ or older when the transfer is made.
- The transfer must go directly from your IRA administrator to the qualified charity.
- Rollover gifts are limited to \$100,000 per taxpayer per year. If married, and each spouse has an IRA, then each may gift up to \$100,000.
- The gift counts toward your IRA required minimum distribution.
- The distribution is not reported as income, so there is no adverse income tax effect.
- Gifts must be outright: not to donor advised funds, charitable remainder trusts, or for charitable gift annuities.

Why Donate with an IRA Rollover?

- You DO NOT want to increase your adjusted gross income with the required minimum distribution (RMD), and thereby triggering additional income tax liabilities
- You don't need all or part of the RMD to maintain your lifestyle
- You would like to make a significant gift, but are faced with the percentage of Adjusted Gross Income (AGI) limitation for charitable contributions. Or, you have already exhausted your limitation on annual charitable deductions
- You make annual gifts but DO NOT itemize, so you cannot use the charitable income tax deduction
- You wish to remove assets from your future taxable estate.

How do I indicate that I wish to make a qualifying tax-free charitable contribution?

If you are an individual who qualifies for this special tax benefit, you will want to contact your IRA custodian or trustee. Your IRA custodian will have the proper form to complete to indicate the amount of the distribution and the charity to which you want the funds sent. (The IRA custodian/trustee remitting the funds may also want to have the charity sign a special certification form prior to remitting the funds.) The funds will then be withdrawn from your IRA and will be paid directly to the qualifying charity of your choice. This distribution will be tax free. The qualifying charity will furnish you with a receipt for your gift.

*The purpose of this document is to provide general information and is not intended as legal, accounting or other professional advice. Information included is deemed reliable but not guaranteed. * For assistance with planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. * Tax deductions vary based on a variety of factors that may change and that may pertain to your unique situation.*

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