

# Charitable IRA Rollover Legislation Extended Through 2009

Thanks to a deadline extension added to the recently enacted Emergency Economic Stabilization Act of 2008, if you are 70½ or older you now have the opportunity—until the end of 2009—to use your IRA funds to make charitable gifts without the amount of the gift counting as a taxable distribution.

The following limitations and restrictions apply:

- You must be age 70½ or older as of the date of the distribution.
- Qualifying gifts are limited to \$100,000 per year.
- The provision applies to tax years 2008 and 2009 only. Qualified distributions must be made by December 31 of each year.
- You must transfer your funds directly from your IRA accounts to the charity. Contact your plan administrator for information on how to initiate a transfer.
- You cannot receive any goods or services in return for your contribution. Ineligible benefits include auctions, raffles, tickets to events, or any other type of quid pro quo transactions.
- Only outright gifts are eligible. Distributions to charitable gift annuities, charitable remainder trusts, pooled income funds, and other split-interest arrangements do not qualify.
- Qualifying gifts can count toward your minimum required distribution for this year and substantially reduce your taxable income.
- These charitable IRA transfers do not count toward the federal limits on deductible charitable contributions (50% of Adjusted Gross Income, or AGI) or the 1% rule that requires that itemized deductions be reduced by 1% of AGI in excess of \$159,950 for tax year 2008.
- Gifts from other retirement accounts—401(k), 403(b) and SEP—are not eligible. It may be possible to transfer money from other accounts to your IRA and *then* make a charitable gift from the IRA. Check with your tax advisor.
- Distributions to supporting organizations or donor advised funds are specifically excluded.
- Donors who do not itemize deductions on their federal income tax returns may make qualified IRA gifts and exclude such gifts from their reportable income.

## **Who is most likely to benefit?**

- Individuals who are required to take minimum withdrawals, but do not need additional income.
- Individuals who wish to give more than the cash gift deductibility ceiling (50% AGI).
- Individuals whose major assets reside in the IRA and who wish to make a charitable gift during their lifetime.
- Individuals who intend to leave the balance of the IRA to charity at death.

***This document is intended to provide general information and is not a substitute for professional counsel. Please consult your own tax or legal advisor for professional guidance.***