BUILDING THE FUTURE OF EMERGENCY CARE

IRA DISTRIBUTION

WHAT IS AN IRA CHARITABLE ROLLOVER?

The law uses the term "qualified charitable distribution" to describe an IRA charitable rollover. A qualified charitable distribution is money that individuals who are 70 ½ or older may direct from their traditional IRA to eligible charitable distributions from individual IRAs each year. Individuals may exclude the amount distributed directly to an eligible charity from their gross income.

WHAT IS THE NEW EXPIRATION DATE OF THIS PROVISION?

This provision is now permanent.

IS LAKES REGIONAL HEALTHCARE FOUNDATION ELIGIBLE TO RECEIVE A QUALIFIED CHARITABLE DISTRIBUTION?

Yes. Contributions to public charities – including Lakes Regional Healthcare Foundation – are considered qualified charitable contributions.

DOES A DONOR ALSO RECEIVE A CHARITABLE DEDUCTION WHEN THEY MAKE A GIFT FROM THEIR IRA TO LAKES REGIONAL HEALTHCARE FOUNDATION UNDER THIS PROVISION?

No. Under this provision, donors benefit by not having to recognize the amount contributed directly from their IRA to a qualifying charity. However, because donors exclude this contribution from their gross income they cannot take a charitable contribution deduction from the contribution; to do so would result in a double benefit for donors and that is explicitly prohibited.

IS THE DONOR LIMITED TO ONE IRA CHARITABLE CONTRIBUTION PER YEAR, OR CAN A DONOR REQUEST MULTIPLE TRANSFERS?

Donors aged 70 ½ or older are limited to a maximum of $100,000 in any one year as an IRA charitable contribution, however there is no requirement that the entire amount be made in one transfer or that the entire amount go to a single qualified charitable organization. Donors can request multiple direct transfers from their IRA to qualified charities in a year, but only $100,000 will be excluded from income as an IRA qualified charitable distribution.

WHAT IF THE DONORS WANT TO CONTRIBUTE MORE THAN $100,000 TO A QUALIFIED CHARITY FROM AN IRA?

The law limits the amount that donors can exclude from their income to $100,000. If donors wish to take funds from their IRA to contribute more than $100,000 to charity, they cannot exclude the additional amount from their gross income. Rather, they must follow the general rules pertaining to percentage limitations and itemized contribution reductions.

HOW DO INDIVIDUALS MAKE A QUALIFIED CHARITABLE DISTRIBUTION?

Individuals must instruct their IRA custodian to make the contribution directly to an eligible charitable organization.

MAY A CHARITY PROVIDE ANY GOODS OR SERVICES IN RETURN FOR THE CONTRIBUTION?

No. If donors receive any goods or services (e.g., tickets to a fundraiser) that would have reduced their charitable deduction had they made an outright gift to the charity, the rollover of assets from an IRA will not qualify for the tax-free treatment under the provision. Gifts to the donor that are disregarded (i.e., public recognition, token gifts and insubstantial benefits) will not disqualify the contribution from the tax-free treatment.

HOW WILL CHARITABLE DISTRIBUTIONS IMPACT THE MINIMUM REQUIRED DISTRIBUTIONS FROM A TAXPAYER'S IRA?

Shortly after individuals reach the age of 70 1/2, they are generally required to receive distributions from their traditional IRA. For minimum required distributions, the IRS treats distributions from an IRA the same, whether individuals use the distribution for personal purposes or direct the distribution to a charity.

WHO SHOULD I CONTACT FOR ADDITIONAL INFORMATION?

Please contact your IRA plan administrator or Lakes Regional Healthcare Foundation:

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