

# IRA Charitable Rollover FAQs

## Gift parameters

- ◇ If you are 70 ½ or older and own an IRA, you can give up to \$100,000 per calendar year.
- ◇ Your gift must be complete on or before December 31 of the calendar year in which you choose to utilize the IRA Charitable Rollover gift vehicle for tax purposes. Generally, if sent by US mail, the postmark determines the date of gift; if sent via cash wire, date of gift is determined by the date the funds reach the University of Vermont Foundation's account.
- ◇ Your gift must be made to a qualified public charity, such as the University of Vermont Foundation.
- ◇ Distributions must be made directly from your IRA to the University of Vermont Foundation. Do not withdraw the funds yourself and pass them on to the University of Vermont Foundation or your gift will not qualify for the IRA Charitable Rollover and will be included in your taxable income.
- ◇ You can only make outright gifts. The IRA Charitable Rollover cannot be used to fund life income gifts (such as charitable gift annuities or charitable remainder trusts).

## What are the advantages of making an IRA Charitable Rollover Gift?

- ◇ You can count your gift towards your annual required minimum distribution.
- ◇ Your distribution is not recognized as income on your federal income tax return. Note: you cannot take a federal income tax charitable deduction for your gift.
- ◇ Under current federal tax laws, keeping your IRA distribution out of your adjusted gross income may save you taxes.
- ◇ The transfer process is quick and requires minimal paperwork.

## Cautions

- ◇ *Employer-sponsored retirement plans, such as SEP IRAs, SIMPLE IRAs, 401(k)s, and 403(b)s are generally not eligible for the IRA Charitable Rollover.*
- ◇ *Using a Roth IRA eliminates many of the tax advantages of the charitable distribution – if you don't have a traditional IRA, it may be better to withdraw funds directly from your Roth account, make a gift and take a charitable deduction. Consult your financial or tax advisor for advice.*
- ◇ *Some states may determine that IRA Charitable Rollover gifts are includable as income for state and local tax purposes.*