



COMMUNITY FOUNDATION OF GREATER BIRMINGHAM



IRA Charitable Rollover

As part of the PATH Act, legislators passed a permanent extension of Charitable IRA legislation, making it easier for Americans to give to causes they care about. The Charitable IRA provision, first enacted in 2006, has the power to help local charities strengthen their communities by allowing individuals to roll over up to \$100,000 from an Individual Retirement Account (IRA) annually to charity without being federally taxed. On December 18, Congress passed the PATH Act, making this special provision permanent.

IRA Charitable Rollover Basics

The IRA Rollover allows people age 70½ and older to make direct transfers totaling up to \$100,000 per year to qualified charities, without having to count the transfers as income for federal income tax purposes. Transfers must come from your IRA directly to the qualified charity. 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 provider to transfer the funds from the IRA directly to the charity.

Important Facts about the IRA Charitable Rollover

- Charitable IRA Rollover gifts must be directed to tax exempt organizations that are classified as 501(c)(3) charities, such as the Community Foundation of Greater Birmingham.
- Donor-advised funds are not eligible for IRA Charitable Rollover gifts. Funds at the Community Foundation eligible for these gifts include: Catalyst Funds, Field of Interest Funds, the four Results Strategy funds, Spain Leadership Fund, and more. The IRA Rollover is not eligible to fund life-income gifts such as charitable gift annuities or charitable remainder trusts.
- The transfer to the charity does not count as income for federal tax purposes and is not taxed as such, provided it goes directly from the IRA provider to the charity. However, you are not entitled to an income tax charitable deduction for your gift.
- IRA Charitable Rollover gifts do count towards the minimum distributions required for people who have reached age 70½.
- To execute an IRA Charitable Rollover, contact your plan provider to learn their procedures. We can provide you with a sample letter you can send to your plan provider to initiate an IRA Charitable Rollover gift the Community Foundation.

To find out more, please contact Brooke Coleman, Director of Gift Planning at 205.327.3828 or bcoleman@cfbham.org

WHO CAN BENEFIT FROM AN IRA CHARITABLE ROLLOVER

- If you are already making charitable contributions at your deduction limit, but want to do more.
- Your income level causes the phase out of your exemptions or itemized deductions (limitations reinstated January 1, 2013.)
- You do not itemize your deductions.
- Additional income from your required IRA withdrawals will cause more of your Social Security income to be taxed.
- You wish to remove up to \$100,000 from your taxable estate.
- You would like to avoid the possibility that the government will impose taxes of up to 60% on IRA funds not distributed during your lifetime.

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