

IRA Charitable Rollover

If you have an IRA and are considering making a distribution, The Community Foundation of the Dan River Region (CFDRR) encourages a discussion with a tax advisor before any decisions are made.

If you are interested in making a direct transfer from your IRA, please note that the distribution must be sent directly to CFDRR from your IRA administrator. Rollover gifts must be completed by December 31 to count for the current tax year.

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 be moved directly from your IRA 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 CFDRR.

Frequently Asked Questions

Here are answers to some frequently asked questions about IRA Charitable Rollover gifts. To find out more, speak with a tax advisor or contact The Foundation at 434-793-0884 or info@cfdr.org.

Q: To what charities can I make IRA Charitable Rollover gifts?

A: Charitable IRA Rollover gifts must be directed to tax exempt organizations that are classified as 501(c)(3) charities, such as CFDRR.

Q: Can I make an IRA Charitable Rollover gift to my donor-advised fund?

A: Donor-advised funds and supporting organizations are not eligible for IRA Charitable Rollover gifts. However, many other funds at CFDRR are eligible. Please contact us at 434-793-0883 or info@cfdr.org if you'd like to talk about the options.

Q: Can I use the IRA Rollover to fund life-income gifts such as charitable gift annuities, charitable remainder trusts, etc.?

A: No, these are not eligible.

Q: What are the tax implications for me?

A: 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.

Q: Does this transfer qualify as my minimum required distribution?

A: Yes, IRA Charitable Rollover gifts do count towards the minimum distributions required for people who have reached age 73.

Q: What is the procedure to execute an IRA Charitable Rollover?

A: Contact your plan provider to learn their procedures. We do offer a sample letter you can send to your plan provider to initiate an IRA Charitable Rollover gift to CFDRR. Make sure you contact us when you direct the rollover so we can look for the check from your plan provider.

Q: Who can benefit from an IRA Charitable Rollover?

A: IRA Charitable Rollover gifts are an excellent option for you if any of these apply:

- 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.
- You do not itemize 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.