



## *IRA Charitable Rollover*

### **Gift Opportunity Made Permanent!**

**If you are age 70 ½ or older, own an IRA, and intend to make charitable gifts there is good news for you to directly benefit Early Music Seattle and other organizations you care about.**

On December 18, 2015, the President signed a law to extend the charitable IRA rollover retroactively for 2015 and make it permanent with no expiration date for future years. The deal was part of a larger package on other tax extenders and the budget.

#### **What Does this Mean for 2016 and Beyond?**

IRA charitable rollover gifts count toward your required minimum distribution (RMD). Because of the RMD rule, some donors find they must withdraw (taxable) funds they don't need from their IRA. For them, a tax-free way to use those funds to support their favorite charity is particularly attractive.

Without this "charitable rollover" provision, using IRA funds for a charitable contribution requires withdrawing money from your IRA and then contributing it. The amount withdrawn will be taxable, and the deduction for the contribution may or may not offset the tax. By contrast, an IRA charitable rollover eliminates the guesswork. And if you do not itemize your deductions, the rollover allows you to receive the same benefit from your gift as those who do itemize.

*Example: Suppose Jack has \$500,000 in an IRA and would like to contribute \$25,000 to Early Music Seattle this year. Jack can authorize the custodian of his IRA to transfer \$25,000 to Early Music Seattle. He will not be subject to tax on the \$25,000 distributed to Early Music Seattle. (Jack does not deduct the \$25,000 gift - he has already received his tax benefit by not paying tax on otherwise taxable income.)*

Making a charitable rollover gift from your IRA rather than from other assets may be especially appropriate if:

- you do not itemize your deductions,
- you would not be able to deduct all of your charitable contributions because of deduction limitations, or an increase in your taxable income may negatively impact your ability to use other deductions.

Certain limitations apply to these non-taxable charitable distributions from an IRA:

- They cannot exceed \$100,000 per person per year.
- They must be made to a public charity such as Early Music Seattle (not a private foundation), and they cannot be to a supporting organization or a donor advised fund.
- The gifts must be outright. For instance, they cannot be used to establish a gift annuity or fund a charitable remainder trust.
- No goods or services, such as tickets to an event, can be received in exchange for the contribution.

#### **Interested?**

Please contact us. We would be pleased to discuss with you the benefits of making a charitable gift from your IRA, either during your lifetime or at your passing, and how it might work in your particular situation.

Contact Ann Stickney at (206) 325-7066 or [ann@earlymusicseattle.org](mailto:ann@earlymusicseattle.org) for more information.

We also urge you to consult with your advisors to determine the best gift for you.

**Thank you.**