

Charitable Gifts from IRAs

A tax-advantageous giving opportunity for donors age 70½ or older

Information courtesy of the Smith College Planned Giving Office ~ October 2008

The Emergency Economic Stabilization Act of 2008 extends certain portions of the Pension Protection Act of 2006 that expired on December 31, 2007. This provides donors with an opportunity to access retirement assets to meet their charitable giving objectives, with a few restrictions. If you have been considering a gift from your retirement assets, please note:

- The legislation is good for all of 2008 and 2009 only
- The maximum gift in any one year is \$100,000 per person
- Donors must be at least age 70½ at the time of the gift
- Income will not be recognized on the withdrawal
- The gift must be paid directly from the IRA to the charity
- Gifts cannot be made to the following entities: private foundations, donor advised funds, community foundations, supporting organizations, charitable lead trusts, or life income gifts such as charitable remainder trusts, pooled income funds, or charitable gift annuities
- The charitable transfer will count toward your minimum required distribution
- There is no charitable deduction associated with the gift
- Distributions from qualified plans (401(k) for instance) are not allowed. There must be a rollover to an IRA then a charitable distribution from the IRA.

This law does not include the terms of proposed legislation such as the Public Good IRA Rollover Act. Therefore, the gift must be outright; rollovers to a planned gift, such as a gift annuity or a charitable remainder trust, do not qualify. Also note that IRA rollovers may be includable in a donor's income for state and local tax purposes and may not earn an offsetting charitable deduction, depending on state and local law.

Who can benefit from this new law?

- Donors who do not need the income of their minimum required distribution
- Donors who have already reached their giving limits based on adjusted gross income
- Donors whose income level causes the phase out of their exemptions
- Donors who don't itemize their deductions
- Donors for whom additional income will cause more of their Social Security income to be taxed

Important Note: Many IRA administrators impose early year-end deadlines on requests for gifts from IRAs. Please call early to ensure that your administrator can complete your gift in a timely manner. Minimum gifts and fees may apply depending on your IRA administrator.

For further information on making a gift to Smith College through your IRA please contact the Planned Giving Office at 800-241-2056 option 5 or planned_giving@smith.edu. You may also visit our web site at www.smith.edu/future/planned/.

The Emergency Economic Stabilization Act of 2008 was signed into law on October 3, 2008.