



IRA ROLLOVER GIFTS

Enacted last year, H.R. 2029, the Protecting Americans from Tax Hikes Act of 2015 permanently extended the IRA Charitable Rollover. Originally passed in 2006 as part of the Pension Protection Act, the IRA Charitable Rollover allows individuals age 70½ and older to make direct transfers totaling up to \$100,000 per year to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes

If you are age 70 ½ or older and are required to take minimum withdrawals and you do not need them for personal use, this may be a great way to make a gift to one or more qualified charities. While you cannot claim a charitable deduction for IRA gifts, you will not pay income tax on the amount of your contribution.

How do I know if I qualify to make a gift from my IRA?

- You must be age 70 ½ or older at the time of the gift.
- Transfers must be made from a traditional or Roth IRA account by your plan provider DIRECTLY to the charity. Funds that are withdrawn by you and then contributed to Wesleyan and/or another charity do NOT qualify.
- Gifts from 401(k), 403(b), SEP and other retirement plans do not qualify.
- Gifts must be outright. Distributions to donor-advised funds, supporting organizations, or life-income arrangements such as charitable remainder trusts and gift annuities are not allowed.

What are the benefits of a qualified charitable distribution from your IRA?

- Can total up to \$100,000 in each tax year (if your spouse has a separate IRA account, you can each contribute up to \$100,000 per tax year).
- Can be excluded from your gross income for federal income tax purposes on line 15a of Form 1040, however, no charitable deduction is allowed.
- Can be used to satisfy your Minimum Required Distribution (MRD).

