

IRA QUALIFIED CHARITABLE DISTRIBUTIONS



Protecting Americans from Tax Hikes Act of 2015 extends the charitable IRA Rollover, also known as a qualified charitable distribution (QCD), with no expiration date. Below you will find an overview of this charitable gift option.

How does this work?

Individuals age 70 1/2 years old or older can irrevocably transfer up to \$108,000 per year directly to qualified charities from a traditional or rollover IRA. The transfer will be excluded from taxable income and may satisfy the donor's required minimum distribution for the year.

Potential Benefits:

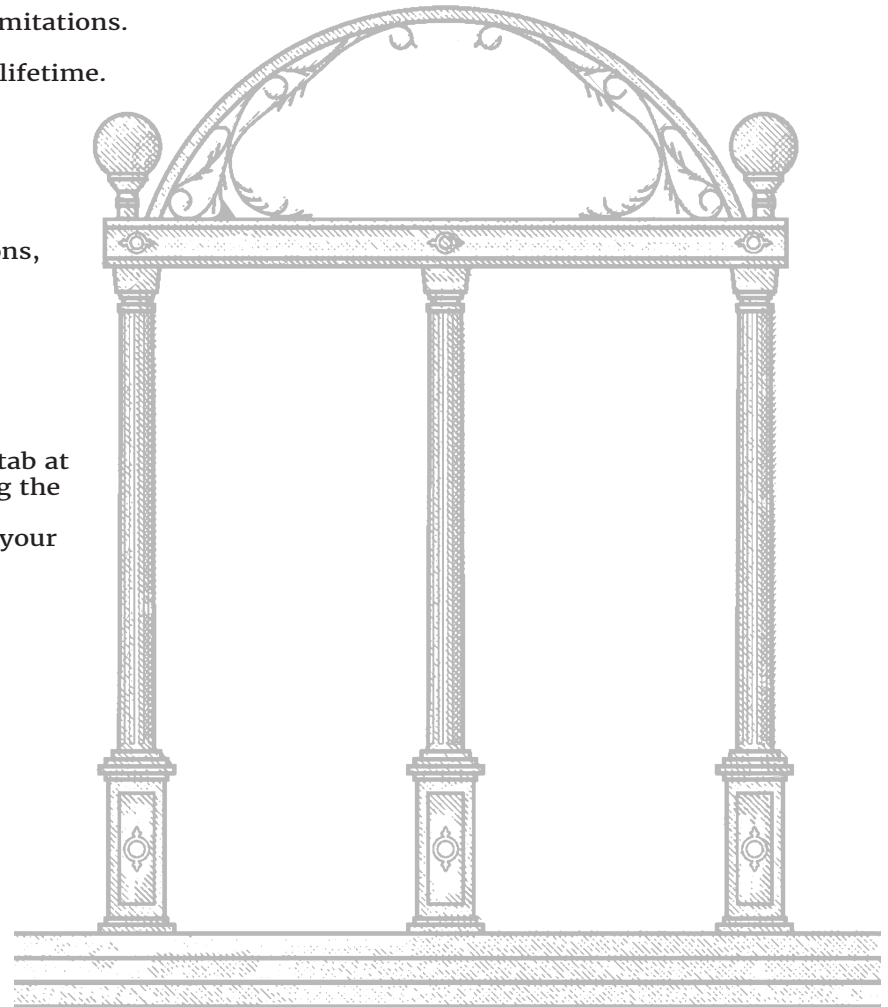
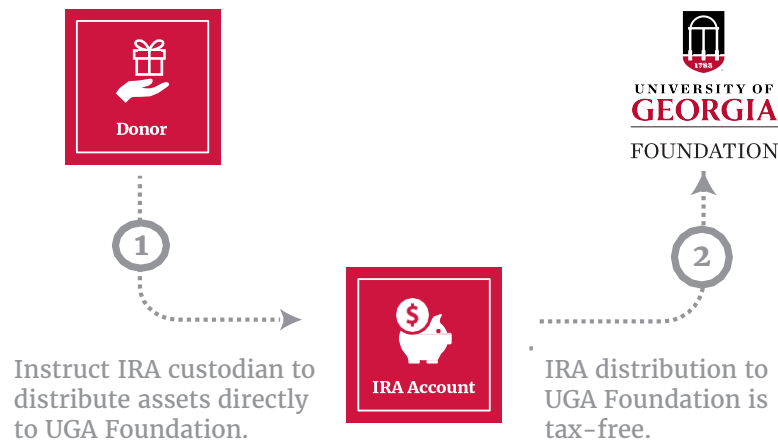
- Reduce your taxable income, even if you do not itemize deductions.
- Make a gift not subject to the 60%/30% annual charitable deduction limitations.
- May satisfy your required minimum distributions for the year.
- Makes it easy for you to use IRA assets to make cash gifts during your lifetime.

Requirements:

- Donor must be 70 1/2 or older at the time of transfer.
- Funds must be transferred directly from the IRA to charity.
- Amount cannot exceed \$108,000 annually.
- Transfer must be made to one or more qualified charitable organizations, such as the "University of Georgia Foundation" (donor advised funds, private foundations, and supporting organizations do not qualify).
- Rollovers typically must be from a traditional or rollover IRA.
- Donor cannot receive benefits in exchange for the gift.

Next Steps:

- Download the "Sample Letter to Custodian" located on the Resources tab at plannedgiving@uga.edu, which can be used as a template for initiating the IRA qualified charitable distribution.
- A receipt will be issued that complies with IRS guidelines, confirming your IRA qualified charitable distribution.



FREQUENTLY ASKED QUESTIONS



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Is an income tax deduction available for a rollover gift?

No. A QCD does not provide an itemized deduction. The tax benefit for a QCD is that you can take money from your traditional or rollover IRA without paying taxes on the distribution.

What happens if the amount transferred exceeds \$108,000?

The total amount that qualifies for treatment as a qualified charitable deduction each year is \$108,000. For example, if you transfer \$108,000 to the University of Georgia Foundation and an additional \$108,000 to another charity, only \$108,000 of your total \$216,000 in giving will qualify for treatment as an IRA QCD. Rollover amounts that exceed \$105,000 will be added to taxable income.

Are other retirement plans like 401(k), 403(b), or 457(b) eligible for the IRA charitable rollover option?

No. The provision only applies to owners of a traditional or rollover IRA. Other retirement plans such as 401(k) or 403(b) are not eligible. However, you may be able to roll 401(k), 403(b), or 457(b) funds into a traditional IRA to take advantage of the IRA QCD option. Discuss with your plan administrator to find out if this is an option for you.

How does this gift impact required minimum distributions (RMD)?

If you are age 73+ and have not already taken your RMD in this calendar year, an IRA QCD may count towards satisfying this requirement.

Can an IRA QCD be used to pay on a pledge?

Yes. Since IRA funds are owned by the IRA owner, they may be used to fulfill a pledge.

Can a donor use an IRA QCD to fund a charitable gift annuity or charitable remainder trust?

Yes. Charitable remainder trusts and charitable gift annuities are eligible to receive a one-time IRA QCD of no more than \$54,000.

If you plan to support the University of Georgia through a Qualified Charitable Distribution from your IRA, please let the Office of Gift and Estate Planning know so we can ensure your gift is used as intended.

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This document is not intended as legal or tax advice. Please seek the advice of competent counsel to determine applicability of the above to your own personal circumstances.