



IS IT POSSIBLE TO MAKE GIFTS TO A CHARITY USING AN IRA?

Yes. For individuals 70½ or older, this is yet another way to make charitable contributions in a tax efficient manner. These donors may make direct charitable gifts from an IRA of up to \$105,000 annually to public charities. This distribution to charity would not be reported as taxable income on the donor's federal income tax return. For those donors who have reached age 73, these direct charitable gifts count towards the account owner's required minimum distribution for that year. Donor advised funds, supporting organizations and most private foundations are ineligible donees, but private-operating and pass through (conduit) foundations are allowed. While there is no charitable deduction for IRA distributions, this method avoids tax on otherwise taxable income. A donor may also make a one-time gift of up to \$53,000 to a split-interest gifting vehicle, such as a charitable gift annuity or charitable remainder trust.

Donors must be mindful of several rules to ensure their distribution is not taxed as income. Only distributions made on or after reaching age 70½ will avoid taxation as income, so donors should make sure to wait until they have actually reached 70½ before making the distribution. Distributions from most IRAs qualify for this tax-free treatment. Distributions from employer-sponsored retirement plans (like SIMPLE IRAs and simplified employee pensions (SEPs)), profit sharing plans, 403(b) plans, 401(k) plans or Keoghs do not qualify for this tax-free treatment. In addition, any charitable distribution from an IRA must be made directly by the IRA's administrator or trustee to a qualified charity and cannot be distributed to the donor first.