



Good news!

Tax-Free Gifts from IRA Accounts Permanently Re-authorized!

On December 8, 2015, Congress passed a permanent extension of legislation that allows donors to make charitable gifts from their IRA accounts without incurring income tax on the withdrawal. If you are required to take minimum withdrawals, 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.

To Qualify:

- You must be age 70½ or older at the time of the gift.
- Transfers must be made from a traditional IRA or Roth IRA account by your plan provider DIRECTLY to the charity. Funds that are withdrawn by you and then contributed do NOT qualify.
- Gifts from 401k, 403b, 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 precluded.

Benefits - Qualified Charitable Distributions:

- 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 (state charitable deductions vary, check with your financial advisor).
- Can be used to satisfy your Required Minimum Distribution (RMD).
- Are not subject to the 60% deductibility ceiling.

Example: Suppose Mary has \$500,000 in an IRA and because she is 72 years old, she will be required to withdraw approximately \$25,000 this year. And further, suppose that she also wants to contribute \$20,000 to her favorite charity. She can authorize the administrator of her IRA to transfer \$20,000 directly to her charity and \$5,000 to herself. The \$20,000 distributed will not be subject to federal tax and will be counted toward her annual Required Minimum Distribution.

For more information about how to make an IRA gift to the SUNY Cobleskill Foundation, contact John Zacharek, vice president for development at 518-255-5524 or e-mail at zacharek@cobleskill.edu.

PLEASE NOTE: This summary is for educational purposes. Consult your own legal or tax advisor before making any decision based on this information. As of January 1, 2020, the age restrictions for contributing to an IRA have been eliminated. As such, if you are making a contribution to your IRA this year, the amount you are allowed to give tax-free through the Charitable IRA Rollover provision may be reduced by the amount added to your IRA. Please speak with your accountant or financial advisor to learn more about this provision.