

IRA CHARITABLE ROLLOVER

The IRA Charitable Rollover realized a milestone on December 18, 2015 when the popular legislation was made permanent. Until the congressional vote and presidential signature, the legislation was approved on a year-to-year basis.

HR 2029, the Consolidation Appropriations Act of 2016, allows taxpayers age 70½ or older to make a qualified charitable distribution (QCD) of up to \$100,000 from an Individual Retirement Account (IRA) directly to Fairmont State University without incurring income tax on the withdrawal.

FREQUENTLY ASKED QUESTIONS...

What kinds of plans are eligible?

The tax exclusion applies to traditional IRAs and Roth IRAs only. Other forms of retirement plans such as 401 (k), 403(b), defined benefit and contribution plans, profit-sharing plans, Keoghs and employer-sponsored SEPs, and SIMPLE plans are not eligible.

Previously, distributions from IRAs were taxable as ordinary income. Now, distributions from IRAs directly to Fairmont State Foundation are excludable from gross income, eliminating the income tax liability for such gifts.

Can this qualify for my RMD (Required Minimum Distribution)?

Yes. You can direct the entire RMD to be transferred to Fairmont State Foundation, up to the \$100,000 limitation per year.

Do all types of charitable gifts from an IRA qualify under the new law?

The gift must be made outright to Fairmont State Foundation. Gifts to charitable remainder trusts, charitable gift annuities, pooled income funds or other split-interest vehicles do not qualify.

What can I do with my IRA Charitable Rollover gift?

IRA Charitable Rollover donors enjoy enormous flexibility on how and where they support Fairmont State. For example, they can designate the gift to a scholarship fund to support any school, department or program. Gifts of \$25,000 or more can create a

named, endowed fund that honors the donor, their family, or a favorite faculty member. Donors creating endowed funds work with The Fairmont State Foundation staff to create a roadmap to outline the criteria of the new fund.

An IRA Charitable Rollover is effectively a cash gift and can begin benefiting the targeted program or project quickly.

How do I make a gift to Fairmont State University under this law?

Contact the Fairmont State Foundation to let us help you. We can assist in the designation of your gift to an existing fund or help you establish a new fund, and make sure you are properly recognized for your gift. We are also happy to work with your plan administrator to help facilitate the transfer.

Contact your IRA administrator and let them know that you want to make a gift directly from your IRA to Fairmont State Foundation. The plan administrator will advise you on the requirements for transferring funds for a qualified distribution. Ask the administrator to indicate on the transfer of funds that you are the donor.

How does this help me?

A charitable IRA rollover makes it easier to use IRA assets, during lifetime, to make charitable gifts.

Is an income tax deduction also available?

No. The gift would be excluded from income, so providing a deduction in addition to that exclusion would create an inappropriate double tax benefit.

Can a rollover gift be used to pay my pledged support to Fairmont State?

Yes. You can honor your gift pledge to Fairmont State with one or more qualified charitable IRA rollover transfers of up to \$100,000 per person, per calendar year. You can direct your IRA provider to transfer your charitable gift to Fairmont State quarterly, annually, or other timing that works for you. Simply have your provider indicate that the transfer is a gift from you.

What if a withdrawal does not meet the requirements of a charitable IRA rollover?

It simply will be included in taxable income as other IRA withdrawals currently are.

Can I still make a gift with an IRA beneficiary designation?

Absolutely! Whether or not you choose to make a charitable IRA rollover gift, you can still designate the Fairmont State Foundation Inc. as a beneficiary to receive IRA assets after your lifetime.

If I made a charitable IRA rollover gift in other tax years, can I do this again for the current tax year?

Yes. The current law extends the charitable IRA rollover provision indefinitely -- with no expiration date -- allowing individuals to make qualifying gifts every tax year.

Still have more questions?

Contact The Fairmont State Foundation at 304.534.8786