

IRA Charitable Rollover Reinstated

Good news! The IRA Charitable Rollover and other critical giving incentives have been reinstated through 2011. Contributions for the 2011 tax year can be made retroactively through January 2012.

The **IRA Charitable Rollover** and other critical giving incentives **have been reinstated through 2011** as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. **Contributions for the 2011 tax year can be made retroactively through January 2012.**

The IRA Rollover was first enacted in 2006 as part of the Pension Protection Act. The provision allows individuals aged 70½ and older to donate up to \$100,000 from their Individual Retirement Accounts (IRAs) to public charities without having to count the distributions as taxable income.

Since the provision was first enacted, Americans have made millions of dollars of new contributions to nonprofits -- including social service programs, religious organizations, arts and cultural institutions, schools, and health care providers -- that benefit people every day.

IRA Charitable Rollover Background

- Taxpayers age 70½ and older are required to make annual distributions from their IRAs which are then included in the taxpayers' adjusted gross income (AGI) and subject to taxes. The IRA Charitable Rollover permits those taxpayers to make donations directly to charitable organizations from their IRAs without counting them as part of their AGI and, consequently, without paying taxes on them.
- A donor's total combined charitable IRA rollover contributions cannot exceed \$100,000 in any one year.
- Eligible Charities. Charitable contributions from an IRA must go directly to a public charity that is not a supporting organization. Contributions to donor-advised funds and private foundations, except in narrow circumstances, do not qualify for tax-free IRA rollover contributions.
- Eligible Retirement Accounts. Distributions can only be made from traditional Individual Retirement Accounts or Roth IRAs. Charitable donations from 403(b) plans, 401(k) plans, pension plans, and other retirement plans are ineligible for the tax-free treatment.
- Directly to the Charity. Distributions must be made directly from the IRA trustee payable to the public charity.
- No Gifts in Return. Donors cannot receive any goods or services in return for charitable IRA rollover contributions in order to qualify for tax-free treatment.
- Written Receipt. In order to benefit from the tax-free treatment, donors must obtain written substantiation of each IRA rollover contribution from each recipient charity.