

Charitable Gifts through Your IRA

The IRA Charitable Rollover provision has been extended permanently. The extension allows individuals age 70½ and older to donate up to \$100,000 from their IRAs to the Habitat for Humanity of St. Joseph County tax-free. Donors do not receive an income tax charitable deduction. This provision allows donors to transfer money from their IRAs directly to Habitat, without having to recognize the transfer as taxable income. Donors should consult their tax advisors about their specific situations.

Note: Under the SECURE (Setting Every Community Up for Retirement Enhancement) Act, signed into law in December 2019, individuals who will turn 70 ½ in 2020 or later may wait until age 72 to begin taking required distributions. Nevertheless, as long as they are age 70 ½ or older, they may still qualify to make a tax-free gift from their IRA.

FAQs surrounding the IRA Charitable Rollover

Who qualifies? Individuals who are at least age 70½ at the time of the contribution.

How much can I transfer? Up to \$100,000 for each year.

From what accounts can I make transfers? Transfers must come from IRAs directly to charity. If you have retirement assets in a 401(k), 403(b), etc., you must first roll those assets into an IRA, and then can make the transfer from the IRA directly to charity.

Can I use the transfers to fund life-income gifts like charitable remainder trusts or charitable gift annuities? No, these are not eligible.

Can I make a transfer to my donor advised fund or supporting organization? No, these are not eligible.

What are the tax implications?

Federal – You do not recognize the transfer as income, provided it goes directly from the IRA provider to charity; you are not eligible for an income tax charitable deduction.

State – Each state has different laws, so check with your own advisors.

Can the transfer qualify as my required minimum distribution?

Once individuals reach age 72, they are required to take minimum distributions from their retirement plans each year, according to a federal formula. IRA rollovers to charity count toward your minimum required distribution.

I'm over age 72—should I consider an IRA rollover? Yes, especially if:

- You do not itemize deductions but make charitable gifts, OR
- You are subject to the limitation on itemized deductions, OR
- You are required to take a distribution from your IRA that you just don't need, OR
- Your charitable gifts already equal 50% of your adjusted gross income.

How do I execute an IRA rollover? Contact your IRA plan provider.

For additional questions, contact: **Jim Williams** at JWilliams@habitat-for-humanity.org or **574-288-6967**

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