



## IRA CHARITABLE ROLLOVER

### **TAKE ADVANTAGE OF TAX-SAVING GIFTS TO CHARITY.**

Americans over age 70½ can transfer *up to \$100,000 annually from an IRA into a charitable fund without first paying federal income tax on that gift*. The charitable IRA rollover, or **qualified charitable distribution (QCD)**, is a special provision allowing certain donors to exclude from taxable income -- and count toward their **required minimum distribution (RMD)** -- certain transfers of Individual Retirement Account (IRA) assets that are made directly to public charities, including Northern Piedmont Community Foundation (NPCF). While the IRS has strict limits on QDCs Northern Piedmont Community Foundation has some options you can consider.

### **A BENEFICIAL PROCESS FOR LIFETIME GIFTS.**

A charitable IRA rollover makes it easier to use IRA assets, during your lifetime, to make charitable gifts. Under current law, withdrawals from traditional IRAs and certain Roth IRAs are taxed as income, even if they are immediately directed to a charity. The donor receives a tax deduction for his or her donation, but various other federal, and sometimes state, tax rules can prevent the deduction from fully offsetting this taxable income. As a result, many donors have chosen not to use IRA assets for lifetime gifts. The charitable IRA rollover eliminates this problem.

### **REQUIREMENTS FOR PARTICIPATING.**

Any donor who is 70½ years or older may make a gift, termed a “qualified charitable distribution,” to a permissible public charity, such as NPCF, by directly transferring funds from a traditional or Roth IRA to the charity by December 31 of the applicable tax year. An individual taxpayer's total charitable IRA rollover gifts cannot exceed \$100,000 per tax year. If you have not already taken your required minimum distribution in a given year, a qualifying rollover gift can count toward satisfying this requirement. Not all charities qualify for the charitable IRA rollover benefits. Donor advised funds and private foundation are excluded.

### **DESIGNATED OR FIELD OF INTEREST FUNDS**

If you plan to support one specific charity with your QCD, you can create a designated fund to receive the distribution. If you wish to support multiple charities a Field of Interest Fund where the specific charities are named, might be a good option. You may wish to stagger your donation to the charity(s) over multiple years, rather than making the donation in one lump sum.

### **SCHOLARSHIP FUND**

If you want to support education with your QCD, you can establish a scholarship fund to receive the distribution. You can set the award criteria with the Community Foundation and make the award presentation to the approved student if you desire. The Community Foundation promotes the scholarship opportunity, accepts and reviews applications, verifies students' eligibility and processes payment.

Assets held in designated, field of interest and scholarship funds are invested, and the growth is tax-free.

Donor-advised funds are not eligible for QCDs, but donations to donor-advised funds are tax deductible, so we suggest working with your financials advisor or tax consultant to determine the best option for your situation.

To learn more, contact us at [jbwilson@npcf.org](mailto:jbwilson@npcf.org) or 540-349-0631