



Charitable Gifts Through Your IRA

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 has extended the IRA Charitable Rollover for 2010 and 2011. Originally passed in 2006 as part of the Pension Protection Act, the IRA Charitable Rollover allows individuals age 70½ and older to make direct transfers totaling up to \$100,000 per year to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes.

- **Who qualifies?** Individuals who are age 70½ or older at the time of the contribution (you have to wait until your actual 70½th birthday to make the transfer).
- **How much can I transfer?** \$100,000 each year for 2010 and 2011.
- **It is so late in the year, can I still complete an IRA charitable rollover for 2010?** Because Congress acted so late in the year, individuals can complete an IRA Charitable Rollover through January 31, 2011 and still count it as a 2010 IRA Charitable Rollover.
- **From what accounts can I make transfers?** Transfers must come from your IRAs directly to *the Whatcom Community Foundation*. If you have retirement assets in a 401(k), 403(b) etc., you must first roll those funds into an IRA, and then you can direct the IRA provider to transfer the funds from the IRA directly to *the Whatcom Community Foundation*.
- **To what charities can I make gifts?** Tax exempt organizations that are classified as 501(c)(3) charities, including *the Whatcom Community Foundation*, to which deductible contributions can be made.
- **Can I use the rollover to fund life-income gifts (charitable gift annuities, charitable remainder trusts, or pooled income funds)?** No, these are not eligible.
- **Can I use the rollover to fund donor-advised funds or supporting organizations?** No, these are not eligible. But other types of funds at WCF are eligible, including any Field of Interest Funds, supporting our community grant round, our Foundation Services Fund, scholarships and endowments – there are many [options](#) ; contact us to discuss your plans at 360-671-6463 or visit our website http://www.whatcomcf.org/ways_to_give.html.
- **Can I use the rollover to support a particular purpose at *the Whatcom Community Foundation*?** As with all other gifts, you can direct your IRA Charitable Rollover gift as you see fit, to the types of funds described above.
- **How will *the Whatcom Community Foundation* count the gift?** We will give you full credit for the entire gift amount.



- **What are the tax implications to me?**
 - **Federal** – You do not recognize the transfer to *the Whatcom Community Foundation* as income, provided it goes directly from the IRA provider to us. However, you are not entitled to an income tax charitable deduction for your gift.
 - **State** – Each state has different laws, so you will need to consult with your own advisors. Some states have a state income tax and will include this transfer as income. Within those states, some will allow for a state income tax charitable deduction and others will not. Other states base their state income tax on the federal income or federal tax paid. Still other states have no income tax at all.

- **Does this transfer qualify as my minimum required distribution?** Once you reach age 70½, you are required to take minimum distributions from your retirement plans each year, according to a federal formula. IRA charitable rollovers count towards your minimum required distributions for the year.

- **How do I know if an IRA charitable rollover is right for me?** You are at least age 70½ and
 - You do not need the additional income necessitated by the minimum required distribution, OR
 - Your charitable gifts already equal 50% of your adjusted gross income, so you do not benefit from an income tax charitable deduction for additional gifts, OR
 - You are subject to the 2% rule that reduces your itemized deductions, OR
 - You do not itemize deductions.

- **What is the procedure to execute an IRA charitable rollover?** Time is limited, so contact your plan provider to learn their procedures. We also offer a sample letter you can send to your plan provider to initiate a rollover. Make sure that you contact us when you direct the rollover so we can look for the check from your plan provider.

For more information, please contact us at 360-671-6463 or wcf@whatcomcf.org