



HOBART AND WILLIAM SMITH
COLLEGES

Office of Advancement

Finer Points About Ira Charitable Rollovers

I turn 70 ½ in August. Can I take advantage of the IRA Charitable Rollover now?

According to the IRS, you must be at least 70½ at the time the distribution is completed so you will have to wait until you pass that milestone.

Can I make a transfer from my IRA to my donor-advised fund?

Transfers may be made to public charities, such as The Colleges. However, donors may not make IRA Charitable Rollovers to donor-advised funds, supporting organizations and private foundations.

What about other retirement plans?

The IRA Charitable Rollover applies to IRAs only and does not apply to 401(k), Keogh, 403(b), or profit-sharing plans. Nor does it apply to Simple IRAs, or SEPs.

Strategy: roll some of your retirement assets into an IRA and make an IRA Charitable Rollover contribution to The Colleges.

Is the maximum exclusion \$100,000 per year?

\$100,000 can be contributed annually (in the aggregate to all charities).

Is the limit \$100,000 per couple?

If you and your spouse have separate IRA accounts, each of you may transfer and exclude \$100,000 from taxable income.

Can IRA Charitable Rollovers be deducted as charitable gifts?

These gifts, which count against your Required Minimum Distribution, are as valuable as a deductible contribution. However, since they have not been subject to income tax, they cannot be deducted as charitable gifts.

If the gift cannot be deducted why would I want to take advantage of the opportunity?

Many donors view the IRA Charitable Rollover as a way to manage their income.

By excluding the qualified charitable transfer from income, this provision helps you save additional money. For example:

- using the IRA Charitable Rollover may save you from owing higher taxes on Social Security benefits and paying higher Medicare premiums.
- lowering your Adjusted Gross Income might make you less likely to be subject to the 3.8% tax on net investment income.