



# Catholic Foundation

## 1988 - 2016

### Who Can Benefit From an IRA Charitable Rollover?

- **If charitable deductions are not itemized -**  
Americans who do not itemize deductions and therefore do not receive a tax benefit for their charitable contributions.
- **If charitable gifts already exceed 50% / 30% limits of expected adjusted gross income for 2015 -**  
This allows the donor to skip by these limits and give more.
- **If Social Security income is taxable -**  
By avoiding the recognition of taxable income, the donor may have less of their Social Security income subject to income tax.
- **If donor is a resident of Ohio, Indiana, Michigan, New Jersey, Massachusetts or West Virginia -**  
These states provide no income tax break for charitable contributions.
- **Future estate tax implications -**  
The combination of estate and income taxes on IRA assets can produce an effective tax rate of up to 80%. The Charitable IRA Rollover exclusion gives individuals the opportunity to remove up to \$100,000 of these assets from their estate with no tax consequences. Spouses can rollover up to \$100,000 as well if qualified.

### Reminder of the Rules for Using an IRA Charitable Rollover

1. Individuals must be 70½ years old or older.
2. Rollover cannot exceed \$100,000. Amounts more than \$100,000 will be added to taxable income.
3. Rollovers can only be made from traditional IRAs. Rollovers from 403(b) plans, 401(k) plans, pension plans, and other retirement plans do not qualify. Funds must come DIRECTLY from the plan administrator to the charity.



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Please note that if a donor makes direct distributions from their IRA to a charity where those funds are put in a donor advised fund, the donor is still required to claim those monies as income and they cannot be characterized as a charitable rollover.

A donor can use the rollover to establish a:

- **Scholarship Fund:** A donor can establish a scholarship program at a school of their choice. The donor can work with the parish, school or Catholic Foundation to determine the criteria the school will use in screening and selecting scholarship applicants.
- **Designated Fund:** A donor can create a designated fund to support a specific charity of their choice.

Donations must be postmarked on or before December 31, 2016 to qualify for the 2016 tax year. Donors may receive no goods or services in return for their contributions, and must obtain written documentation of their contribution from each recipient charity.

Check with your IRA administrator or your tax advisor for more information.