

# Legislation Update

## Emergency Economic Stabilization Act



Gonzaga University Office of University Relations

### Tax Free IRA Charitable Rollover Extended for 2008 and 2009

*On October 3, 2008, the Emergency Economic Stabilization Act was signed into law. This legislation included an extension of the IRA Charitable Rollover provision that was originally passed as a part of the Pension Protection Act of 2006, and which had previously expired on December 31, 2007. Based on this new legislation the IRA Charitable Rollover has been extended for 2008 and 2009.*

### Questions & Answers

#### ***Who qualifies to make tax-free IRA transfers to charitable organizations?***

Individuals age 70½ and older who own traditional IRAs qualify to make tax-free IRA transfers.

#### ***How can I make a tax-free transfer to a charity from my traditional IRA?***

Contact your IRA custodian and request that a charitable rollover distribution be transferred directly to the charitable organization. The amount transferred can be applied to your required minimum IRA distribution and, while it doesn't qualify for a charitable income tax deduction, you won't have to include it as part of your annual gross income.

#### ***What are the details regarding tax-free IRA transfers to charitable organizations?***

- You can choose how much you want to contribute up to \$100,000 in each year. This limit is for "a taxpayer;" thus, a husband and wife can each give up to \$100,000 from two separate IRA accounts.
- Transfers must be complete prior to December 31 of each year (2008 and 2009).
- The IRA rollover transfer is not included in your taxable income and consequently there is no income tax deduction available.
- IRA transfers cannot be used to fund a Charitable Remainder Trust or Charitable Gift Annuity and cannot be made to private foundations, donor advised funds or supporting organizations.
- The charity may not provide any goods or services in return for the contribution.

#### ***Who may benefit from the tax-free IRA transfer provision?***

- Individuals with charitable intent who do not need all of their IRA income or assets for future needs.
- Individuals who itemize deductions and want to make gifts without regard to percentage limitations.
- Individuals who take standard deductions on their tax returns and want to reduce taxes by gifting a portion or all of their required minimum distribution.
- Individuals who don't want more of their Social Security benefits taxed because of increased income from their IRA.

Please check with your financial advisor to determine if making a tax-free charitable IRA gift is appropriate for you.

**For more information contact the Office of University Relations at (509) 313-6141 or (800) 388-0881**