

Holy Cross

FAQs – IRA Charitable Rollovers

I WILL TURN 70 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 College of the Holy Cross. However, donors may not make IRA Charitable Rollovers to donor- advised funds, supporting organizations and private foundations.

CAN I DO THIS WITH OTHER TYPES OF RETIREMENT ACCOUNTS?

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. However, you could roll some of your other retirement assets into an IRA and then make an IRA Charitable Rollover contribution to Holy Cross.

IS THERE A LIMIT ON HOW MUCH OF MY RMD CAN BE USED AS AN IRA CHARITABLE ROLLOVER GIFT?

\$111,000 can be contributed annually (in the aggregate to all charities), per person. If you and your spouse have separate IRA accounts, each of you may transfer and exclude \$111,000 from taxable income.

CAN IRA CHARITABLE ROLLOVERS BE DEDUCTED AS CHARITABLE GIFTS?

These gifts, which count as your Required Minimum Distributions (RMDs), will reduce your taxable income and prove valuable as a deductible contribution. However, since your IRA funds have not been subject to income tax, they cannot be deducted as charitable gifts.

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ARE THERE OTHER BENEFITS OF MAKING IRA CHARITABLE ROLLOVER GIFTS?

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.

Life Income Gift CAA 2023 allows for a one-time distribution to create a life income gift, most commonly a charitable gift annuity (CGA), and charitable remainder unitrusts (CRT) or annuity trusts. This new type of QCD is a one-time maximum transfer of \$55,000 to a qualified CRT, or in exchange with a charity for a CGA. *Important terms and conditions apply. Please contact our office or your financial advisor.

This type of gift will reduce the value of your IRA, therefore reducing your future RMDs (as they will be based on the lower value). Also, a CGA provides a constant guaranteed lifetime stream of revenue. Using a distribution from your IRA to create an annuity is a savvy way to diversify your holdings and lock in a great return.

As always, we recommend that you consult a qualified advisor before making a new gift commitment.

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 (AGI) might make you less likely to be subject to the 3.8% tax on net investment income.

ARE THERE ADVANTAGES WITH REGARD TO MY AGI?

Since charitable deductions are limited by AGI, the IRA Charitable Rollover allows donors to maximize charitable contributions while still minimizing their AGI. And the IRA Charitable Rollover allows especially generous donors to benefit from contributions beyond AGI limits.

CAN I USE AN IRA CHARITABLE ROLLOVER GIFT TO FUND A LIFE INCOME GIFT?

Yes! The Consolidated Appropriations Act of 2023 allows for a one-time distribution to create a life income gift. This new type of QCD is a one-time maximum transfer of \$55,000 to a qualified CRT, or in exchange with a charity for a CGA.

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