

IRA Charitable Rollover Background

The IRA Charitable Rollover was first enacted on August 17, 2006, as part of the Pension Protection Act of 2006 and has been reinstated, as of 12/17/10, for 2010 (retroactively) and 2011.

- Taxpayers age 70½ and older are required to make annual distributions from their IRAs which are then included in the taxpayers' adjusted gross income (AGI) and subject to taxes. The IRA Charitable Rollover permits those taxpayers to make donations directly to charitable organizations from their IRAs without counting them as part of their AGI and, consequently, without paying taxes on them.
- A donor's total combined charitable IRA rollover contributions cannot exceed \$100,000 in any one year.
- Charitable contributions from an IRA must go directly to a public charity that is not a supporting organization. Contributions to donor-advised funds and private foundations, except in narrow circumstances, do not qualify for tax-free IRA rollover contributions.
- Distributions can be made from traditional Individual Retirement Accounts or Roth IRAs only. Charitable donations from 403(b) plans, 401(k) plans, pension plans, and other retirement plans are ineligible for the tax-free treatment.
- Distributions must be made directly from the IRA trustee payable to the public charity.
- Donors cannot receive any goods or services in return for charitable IRA rollover contributions in order to qualify for tax-free treatment.
- In order to benefit from the tax-free treatment, donors must obtain written substantiation of each IRA rollover contribution from each recipient charity.

[from Independent Sector website, edited]

SEC. 725. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) is amended by striking “December 31, 2009” and inserting “December 31, 2011”.

(b) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made in taxable years beginning after December 31, 2009.

(2) SPECIAL RULE.—For purposes of subsections (a)(6), (b)(3), and (d)(8) of section 408 of the Internal Revenue Code of 1986, at the election of the taxpayer (at such time and in such manner as prescribed by the Secretary of the Treasury) **any qualified charitable distribution made after December 31, 2010, and before February 1, 2011, shall be deemed to have been made on December 31, 2010.**