Charitable IRA Rollovers

Now you can plan charitable IRA rollover gifts year after year.

On December 18, 2015, President Obama signed legislation that extends the charitable IRA rollover indefinitely—with no expiration date. The new rule is retroactive to January 1, 2015.

Read below for answers to frequently asked questions about this popular option.

Feel free also to contact the Office for University Advancement at 215.951.1540 or giftplanning@lasalle.edu to learn how the charitable IRA rollover provision can help you support your area of choice at La Salle University.

FREQUENTLY ASKED QUESTIONS

What is a charitable IRA rollover?

The charitable IRA rollover, or qualified charitable distribution (QCD), is a special provision that allows certain donors to exclude certain transfers of Individual Retirement Account (IRA) assets from their taxable income and count them toward their required minimum distribution. The provision is for gifts made directly to public charities, including La Salle University.

Since it was first made available in tax year 2006, many La Salle University donors age 70 1/2 or older have used this popular option to support the areas of their choice with tax-wise gifts ranging from $100 to $100,000.

How does the new legislation help me?

A charitable IRA rollover makes it easier to use IRA assets to make charitable gifts during the lifetime.

How will the change make giving lifetime IRA gifts easier?

Under the previous law, withdrawals from traditional IRAs and certain Roth IRAs were taxed as income, even if they were immediately directed to a charity. You would receive a tax deduction for your donation, but various other federal, and sometimes state, tax rules could prevent the deduction from fully offsetting this taxable income. As a result, many donors have chosen not to use IRA assets for lifetime gifts. The charitable IRA rollover eliminates this problem.
What gifts qualify for a charitable IRA rollover?

A qualified charitable distribution (QCD) must meet the following requirements:
- Made by a donor age 70 1/2 or older
- Transferred from a traditional or Roth IRA directly to a permissible public charity, such as La Salle University
- Completed during the applicable tax year

Is there a limit on the amount that I can give?

Yes. Your individual total charitable IRA rollover gifts cannot exceed $100,000 per tax year.

What about the required minimum distribution?

If you have not already taken your required minimum distribution in a given year, a qualifying rollover gift can count toward satisfying this requirement.

Is an income tax deduction also available?

No. The gift would be excluded from income, so providing a deduction in addition to that exclusion would create an inappropriate double tax benefit.

Why are Roth IRAs included? Aren't withdrawals from a Roth IRA tax-free?

Withdrawals from a Roth IRA may be tax-free if the account has been open for longer than five years or if certain other conditions apply. Otherwise, withdrawals are taxed the way traditional IRAs are. Therefore, certain Roth IRAs could benefit from a charitable IRA rollover.

Can I use other retirement plans, such as 401(k) and 403(b) accounts?

No. However, you may be able to make a tax-free transfer from such other accounts to an IRA and make a charitable rollover from there.

Can a gift be made to any charity?

No. Excluded are:
- Donor advised funds
- Supporting organizations
- Private foundations

Who can benefit from using the charitable IRA rollover to make a gift?

- Persons with significant assets in an IRA
- Persons making gifts that are large relative to their income. (Because a charitable rollover is not included in taxable income, it does not count against the usual percentage limitations on using charitable deductions.)
- Persons having so few deductions that they choose not to itemize

**Can I use a rollover gift to pay my pledged support to La Salle University?**

Yes. You can honor your gift pledge to La Salle University with one or more qualified charitable IRA rollover transfers of up to $100,000 per person, per calendar year. You can direct your IRA provider to transfer your charitable gift to La Salle University quarterly, annually, or at another interval you prefer. Please have your provider indicate that the transfer is a gift from you.

**Can I use a rollover gift to fund a charitable remainder trust or charitable gift annuity?**

No. A donor can receive no benefits in return for the gift. This includes life income plan payments.

**Can I use a rollover gift to maintain or improve my standing in a Booster Club?**

No. While a charitable IRA rollover gift can be made to Athletics, donors are not permitted to receive any priority points or other privileges in exchange for the gift. Otherwise, the gift will not be a qualified charitable IRA rollover.

**What, if any, donor benefits can I receive?**

At La Salle University, a charitable IRA rollover gift is allowed to count toward naming opportunities and toward recognition society memberships. The only permissible benefits from a charitable IRA rollover gift are those that would not reduce the tax deduction for which you would have otherwise qualified.

**What if a withdrawal does not meet the requirements of a charitable IRA rollover?**

It simply will be included in taxable income as other IRA withdrawals currently are.

**Is the charitable IRA rollover right for everyone?**

While this is a great option, other types of gifts may provide donors with more tax benefits. As with any gift planning question, please consult your tax professional for specific advice.

**Can I still make a gift with an IRA beneficiary designation?**

Absolutely! Whether or not you choose to make a charitable IRA rollover gift, you can still designate La Salle University as a beneficiary to receive IRA assets after your lifetime. The lifetime charitable IRA rollover is simply another option for donors who would like to see their philanthropy at work now.
If I made a charitable IRA rollover gift in other tax years, can I do this again for the current tax year?

Yes. The current law extends the charitable IRA rollover provision indefinitely—with no expiration date—allowing individuals to make qualifying gifts every tax year.

More questions?

Please contact La Salle University’s Office for University Advancement at 215.951.1540 or giftplanning@lasalle.edu.