

Uncle Sam Wants You to Use Your IRA for Charity

The IRA Charitable Rollover provision allows individuals who have reached age 70^{1/2} to donate up to \$100,000 to charitable organizations directly from their Individual Retirement Accounts (IRA), without treating the distribution as taxable income.

How You Can Use The IRA Charitable Rollover provision to support Students Run LA

Simply contact your IRA trustee (typically a bank or brokerage firm) to complete the required forms. Your trustee will need only the name and address of the non-profit organization, which must be tax-exempt under section 501(c)(3) of the Internal Revenue Code. Students Run LA is a 501(c)(3) non-profit organization; our federal tax ID number is 95-4430502.

To give to Students Run LA, here is the information you will need to provide to your IRA trustee:

Students Run LA
5252 Crebs Ave.
Tarzana, CA 91356
Federal tax ID number: 95-4430502

Background and Public Policy Purpose

The IRA Rollover was first enacted in 2006 as part of the Pension Protection Act. Since December 2015 the IRA charitable rollover provision has been made permanent by an act of Congress.

The provision allows individuals aged 70^{1/2} and older to donate up to \$100,000 from their IRAs to public charities without having to count the distributions as taxable income. Individuals may begin taking distributions from their IRAs as early as age 59^{1/2}, but are required to begin taking them at age 70^{1/2}. Normally, these distributions are subject to income taxes. Now, these distributions made directly to charities may count as your required minimum distribution (RMD); this is a unique and valuable characteristic of the provision. Your gift must be mailed by December 31 to count for the current tax year.

Since the provision was first enacted, Americans have donated millions of dollars of new contributions to non-profits to pursue their missions for the public good.

The provision mandates the following:

- **Eligibility Age:** Taxpayers age 70^{1/2} 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.
- **Annual Cap:** A donor's total combined charitable IRA rollover contributions cannot exceed \$100,000 in any one year.
- **Eligible Charities:** 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.
- **Eligible Retirement Accounts:** Distributions can only be made from traditional IRAs and inherited IRAs. Charitable donations from 403(b) plans, 401(k) plans, pension plans, and other retirement plans are ineligible for the tax-free treatment. Under certain circumstances, distributions may be made from a Roth IRA. Roth IRAs are not subject to required minimum distributions during your lifetime, and distributions are generally tax-free. Consult a tax advisor to determine if making a qualified charitable distribution from a Roth is appropriate for your situation.
- **Directly to the Charity:** Distributions must be made directly from the IRA trustee payable to the public charity.
- **No Gifts in Return:** Donors may not receive any goods or services in return for charitable IRA rollover contributions in order to qualify for tax-free treatment.
- **Written Receipt:** In order to benefit from the tax-free treatment, donors must obtain written substantiation of each IRA rollover contribution from each recipient charity.