

IRA Charitable Rollover

At the end of 2015, federal legislation was passed making the IRA direct charitable rollover gift option permanent. The law allows “senior” charitably-minded individuals a golden opportunity to make gifts to churches and other charities directly from an IRA (Individual Retirement Account) and exclude the amount of that gift from gross income (i.e., make a tax free gift!).

Why donors like the IRA Charitable Rollover:

- It counts toward the required minimum distribution (RMD) but is NOT counted as additional taxable income.
- There is no tax deduction, so no need to itemize. This is great for donors who do not itemize deductions.
- For those who itemize and have already reached the limit on annual charitable deductions, this gift has no adverse impact on taxes.
- If a donor does not need the RMD to maintain their lifestyle, the rollover fulfills the gift and preserves other assets.

For Example:

Mrs. Wesley is 70 ½ and has an IRA. She must now make required minimum distributions (RMD) and this year the amount is \$10,000.

After discussion with her Pastor and a Wisconsin United Methodist Foundation representative, Mrs. Wesley decides to give the distribution directly from her IRA to her local church. She provides a letter to her IRA administrator instructing that a check for \$10,000 be sent directly to (and made payable to) her church. When the church receives the check from Mrs. Wesley’s IRA, they credit the contribution to her pledge and issue a ‘thank you’ note to Mrs. Wesley.

By doing this direct transfer to her church, she will be avoiding any additional income taxes, supporting the ministries of her church, and satisfying the required distribution rule. In addition, she plans to continue making IRA rollover gifts to her church in the future.



Resources for Churches and Donors

Call the Foundation, 608-837-9582 or visit the Foundation website, www.wumf.org, to find:

- A sample letter for a donor to send to an IRA administrator
- Other information regarding IRA charitable rollover gifts

"Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver."

2 Corinthians 9:7

Who can take advantage of this opportunity and what are the benefits?

- Anyone 70 ½ or older when the transfer is made
- The transfer must go directly from your IRA administrator to your church
- Rollover gifts are limited to \$100,000 per taxpayer per year. If married, and each spouse has an IRA, then each may gift up to \$100,000 per year
- The gift counts toward your IRA required minimum distribution (RMD)
- Helps to avoid the possibility that the government will impose taxes of up to 60% on IRA funds not distributed during your lifetime
- Gifts may not be used for donor advised funds, charitable remainder trusts, or for charitable gift annuities

Where faith and money come together

Investing in your church's future can yield invaluable returns to your congregation, church, and community for generations to come. The IRA Charitable Rollover provides you with an excellent opportunity to make a gift during your lifetime from an asset that would be subject to multiple levels of taxation if it remained in your taxable estate. This gift can make a significant impact on the mission and ministries of your church, the Annual Conference, or the Foundation now.

Mission

The mission of the Wisconsin United Methodist Foundation is to assist the ministries of United Methodists in Wisconsin through lifelong financial stewardship.

Important: Be sure to check with your financial advisor to determine whether this gift plan is right for you. This information is not meant as tax or legal advice.

IRA CHARITABLE ROLLOVER GIFT



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