



**BOYS & GIRLS CLUBS
OF SANTA CRUZ COUNTY**

IRA Charitable Rollover - FAQ

Summary: The IRA rollover allows donors 70½ or older to transfer up to \$100,000 directly from their IRA to charity each year. An IRA rollover gift is a tax-exempt distribution. Qualifying individuals can make charitable gifts using pre-tax IRA assets. This allows them to avoid taking an unwanted taxable distribution. An IRA rollover gift can be used to meet all or part of an IRA required minimum distribution.

Please note that this provision only applies to traditional IRA or Roth IRA accounts not 401K or 403B or other retirement accounts. If you have one of those accounts, you would first need to roll it over into an IRA and then make the distribution directly to the charity.

Know the Rules:

- Donors must be **70½** or older at date of contribution
- The money must be distributed **directly** to the Club (the donor should **not** take the money out and then give it through a personal check or credit card)
- The maximum contribution allowed per donor is **\$100,000** per year
- A rollover gift can be used to meet **all or part** of an IRA required minimum distribution
- The rollover is not eligible for a charitable tax deduction; however the transferred **asset is not taxable**, thus reducing the donor's taxable income
- The rollover cannot be used to fund a deferred gift plan (such as a charitable remainder trust or charitable gift annuity)

What is an IRA charitable rollover?

An IRA charitable rollover is a distribution from an IRA holder who 70 ½ or older to an eligible charitable organization. An individual may exclude up to \$100,000 from his/her gross income that would have been taxable from the required distribution.

Who might consider an IRA charitable rollover?

- Non-itemizers
- Donors whose charitable deductions are maxed out
- Donors facing minimum distribution requirements
- Some high-income donors subject to Alternative Minimum Tax
- Donors in states that do not allow charitable deductions

What are the benefits to the donor?

- Allows the donor to make a pre-tax gift to the donor's favorite charity
- Fulfills the donor's minimum required distribution
- Reduces the donor's gross taxable income

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Can a donor make distribution to more than one charity?

Yes, as long as the total of the gifts does not exceed the \$100,000 maximum.

Does the donor receive a charitable tax-deduction?

No; the benefit to the donor is the reduction of the amount contributed from the donor's gross income, thereby reducing the donor's taxable income.

How does an individual make a qualified charitable distribution?

By contacting his/her IRA trustee/custodian to make the contribution directly to the charity. See sample letters posted on the Club's IRA giving webpage.

What information does the Club need to provide to the donor to assist in the transfer?

The Club should provide the following information to the donor:

Charity Name: Boys & Girls Clubs of Santa Cruz County
Address: 543 Center Street Santa Cruz, CA 95060
EIN/Tax ID: 94-6129075
Phone: 831-423-3138

What type of acknowledgement will the Club provide to the donor?

A thank you letter containing the following information:

- name of the Club
- date of the gift
- purpose of gift (as designated by the donor)
- statement that no goods or services were provided by the Club in exchange for the gift

It is recommended that donors speak to their tax advisor for further information or to determine if this gift is right for them. To speak to a Club representative, call 831-423-3138 or email bgcsantacruz@gmail.com

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