

Charitable IRA Rollover

A tax-wise gift from your individual retirement account (IRA)

A **charitable IRA rollover** is a gift option that enables donors age 70½ or older to transfer up to \$100,000 directly from the donor's IRA (or IRAs) to a qualified charity each year. The donor does not recognize the transfer as taxable income on his or her tax return. By the same token, this transfer may not be claimed as a charitable income tax deduction.

BENEFITS

When you make a gift through a charitable IRA rollover, you can:

- Count the amount of your rollover toward your required minimum distribution (RMD) for the year.
- Avoid additional taxable income, which may allow you to avoid taxation at a higher tax bracket.
- Satisfy multi-year pledges to the Annual Fund or your reunion gift to Duke.
- Create or add to a permanent endowment in your name or in memory of a loved one.

FACTORS TO CONSIDER

- The charitable IRA rollover is available only for gifts from a traditional IRA and not from any other type of retirement plan (401(k), 403(b), 457, Keogh, ESOP, etc.).
- The rollover is allowed only for outright gifts to a qualified public charity like Duke for which the donor receives no benefits.
- The donor must be at least 70½ years of age on the date of the gift.
- The donor can give up to \$100,000 each year from his or her IRA(s). A couple with separate IRAs can donate up to \$100,000 each from their respective IRAs.
- There is no federal income realized and no income tax deduction for the donor (unless made from documented after-tax contributions to the IRA).
- The gift should be transferred from the IRA directly to the charity. The donor should not accept any distribution of funds intended for a charitable IRA rollover.
- Some states treat the charitable IRA rollover like a withdrawal for state tax purposes, but this varies from state to state.
- Please check with your financial advisor to determine how a charitable IRA rollover gift will impact you.

Here is an example of how a charitable IRA rollover might be a tax-wise move: A donor who withdraws funds from her IRA directly would have to include the amount withdrawn in her adjusted gross income (AGI). If she then makes a charitable gift to Duke equal to the amount withdrawn, she may claim an income tax deduction but the increase in AGI may put her in a higher tax bracket. By contrast, a donor who makes a charitable IRA rollover gift does not make a taxable withdrawal, and therefore, does not have increased income and is not subjected to the higher tax bracket or related costs due to the IRA rollover.

Please note that an estate gift from an IRA to Duke (at the IRA account owner's death) may be more appropriate for those donors who do not have sufficient assets to comfortably consider a lifetime charitable IRA rollover. This can be done by naming Duke University as a beneficiary of the IRA on the beneficiary designation form available from the IRA's custodian. No estate or income taxes will be due on the gift to Duke.



Unleash your inner philanthropist.

Investing in Duke's future can yield invaluable returns to students, faculty, and the Duke community for generations to come. With the help of our expert team, your gift can also be part of your own charitable planning for the future.

CONTACT US TODAY.

Duke University Office of Gift Planning

(919) 681-0464

giftplanning@duke.edu

giving.duke.edu/giftplanning

Get more insights on our blog: giving.duke.edu/blog

*Sample letter directing a Charitable IRA
rollover to Duke University*

This charitable IRA rollover to Duke University should be delivered to:

Duke University, Alumni and Development Records

Box 90581

Durham, NC 27708-0581

Phone: (919) 684-2338

Fax: (919) 684-8527

Date: _____

Name and Address of IRA Custodian or Trustee:

Re: Charitable IRA Rollover - distribution to Duke University

Dear Custodian or Trustee:

I hereby direct you to make a qualified charitable distribution (a "charitable IRA rollover") of \$_____ to Duke University, a 501(c)(3) public charity that is qualified to receive charitable IRA rollovers under the provisions of the Protecting Americans from Tax Hikes Act of 2015 (the "PATH" Act, extending section 1201 of Public Law 109-280). This rollover should be made from the _____ (name on IRA account), account number _____. It is my intent to make this charitable IRA rollover for tax year 201___. I further represent as follows:

- (1) I am over 70½ years of age. My date of birth is: _____.
- (2) I will not receive any benefits from Duke University as a result of this rollover. This rollover is not directed to a charitable remainder trust, lead trust, gift annuity, pooled income fund, donor advised fund, supporting organization, family foundation, or other non-qualified use of a charitable IRA rollover.
- (3) I understand that a charitable IRA rollover is limited to no more than \$100,000 in total from my IRA or all of my IRAs combined.
- (4) I will not incur any federal income tax liability as a result of this rollover, therefore I elect out of withholding for this rollover. I will not accept any personal distribution of funds intended for this charitable IRA rollover.

Thank you for your prompt attention to this matter. Please contact me immediately with any questions or the reasons for any substantial delay in completing this rollover.

Sincerely,

Donor's name as listed on the IRA

Print: _____