

## **Charitable IRA Rollover Extended for 2010 and 2011**

Among the multitude of items included in the Tax Relief Act, signed into law by President Obama on December 17<sup>th</sup>, was an extension of the Charitable IRA Rollover provision through the end of 2011.

Contributions to the SOT Endowment Fund qualify for IRA Rollover Gifts:

If you are an individual age 70 ½ and older, you may once again request direct transfers of funds from Individual Retirement Accounts (IRAs) to the SOT Endowment Fund (501 3 c) without income tax on gifted funds.

The funds must be directly transferred from IRA accounts to the charities (donors should ask their IRA custodians for special forms to make these requests). Each individual is entitled to make a total of \$100,000 in gifts to charities each year under this provision.

2010 IRA rollover gifts can be made through January 31, 2011.

**For those individuals who have not yet taken their IRA Required Minimum Distributions (RMDs) for 2010, they may partially or wholly satisfy that requirement through an IRA rollover gift made by January 31, 2011.**

These contributions do not qualify donors for an additional charitable income tax deduction as not being taxed on the withdrawal is worth even more than a standard charitable deduction.

Only standard IRAs and Roth IRA accounts qualify under this law; other retirement accounts such as 401(k), 403(b), SEP, KEOGH, and SIMPLE IRA plans cannot be used to make an IRA rollover gift.

Donors of IRA rollover gifts must receive no personal benefits from this gift nor are they available for planned gifts such as charitable remainder trusts or gift annuities.

The provision is a significant opportunity for donors who:

- Hold assets in their IRAs that they do not need;
- Would like to make a large one-time gift;
- Are subject to the 2% rule that reduces itemized deductions;
- Do not itemize; or
- Plan to leave part or all of their IRA to your organization at death.