

“The deep rewards of giving go to those who give out of a concern for others, and take pains to see that their giving is wisely done...”

F. Emerson Andrews
(1902-1978)
American author



PLANNED GIVING WITH THE UNIVERSITY OF IOWA FOUNDATION

GIFTS USING THE CHARITABLE IRA ROLLOVER

MAKE A TAX-FREE GIFT FROM YOUR IRA

The Protecting Americans from Tax Hikes Act of 2015, which was signed into law in December, 2015, contains a permanent extension of what is commonly referred to as the “charitable IRA rollover”. This allows individuals age 70 ½ and older to transfer up to \$100,000 from an Individual Retirement Account (IRA) to charity without including the distribution in income and without needing to claim a charitable deduction. Now that this law no longer has an expiration date, you are free to make annual gifts to the UI Foundation from your IRA this year and well into the future.

HOW IT WORKS

- You must be at least age 70 1/2 at the time the gift is made.
- You may transfer up to \$100,000 per year from your IRA directly to a qualified charity.
- The gift must come directly from your IRA, not from any other type of retirement plan.
- You do not include the distribution in your income, nor will you take a deduction for the gift. The effect will be a “tax wash.”
- The distribution will count towards your required minimum distribution from your IRA.
- You may not receive anything in exchange for the gift, including athletic seating priority, a charitable gift annuity, or a charitable remainder trust.

Next Steps

If you wish to take advantage of this charitable giving opportunity this year, you will need to take the following steps:

- Contact your IRA custodian for specific instructions. You may need to fill out a form provided by your IRA custodian, or you may simply be required to send a letter to the custodian.
- Provide your IRA custodian with our full legal name, taxpayer ID number, and mailing address:

**State University of
Iowa Foundation**
P.O. Box 4550
Iowa City IA 52244-4550
Taxpayer ID number (42-0796760)

- The IRA custodian will make the check payable directly to the State University of Iowa Foundation.
- Notify the UI Foundation of the pending transfer and tell us where you would like to direct the gift.

We encourage you to visit with your professional advisor to determine if taking advantage of this legislation is right for you.

FREQUENTLY ASKED QUESTIONS

- Q. What are the benefits of making a gift now instead of naming the UI Foundation as a beneficiary after my lifetime?**
- A.** *By making a gift this year from your IRA, you are jump-starting the legacy you would like to create and giving yourself the joy of watching your philanthropy in action. In addition, you may use the charitable IRA rollover to fulfill an outstanding pledge you may have already made to the UI Foundation.*
- Q. Will I receive a charitable income tax deduction for my gift?**
- A.** *No. As the distribution is not reported as taxable income on your federal income tax return, it also does not qualify for a federal income tax deduction. It is a true “tax wash”. You should check with your tax preparer about your state tax treatment of the gift.*
- Q. May I receive anything in exchange for my gift?**
- A.** *No. You may not receive anything in exchange for the gift, including athletic seating priority.*
- Q. I have several retirement accounts—including IRAs. Does it matter which account I use?**
- A.** *Yes. The legislation allows gifts only from IRAs. Pension, profit sharing, 401(k), 403(b) and other forms of retirement funds do not fall under this legislation. However, it may be possible to open an IRA and roll assets from one of these other accounts into the IRA in order to make charitable gifts.*
- Q. Can my gift count towards my required minimum distribution for this year?**
- A.** *Yes. If you have not yet taken your required minimum distribution, the charitable IRA rollover gift can satisfy all or part of that requirement.*
- Q. Do I need to give my entire IRA to charity in order to be eligible for the tax break?**
- A.** *No. You can transfer any portion of your IRA to charity, so long as the amount does not exceed \$100,000.*
- Q. I have two charities I want to support. Can I give \$100,000 from my IRA to each?**
- A.** *No. Under the law, your total charitable giving from your IRA cannot exceed \$100,000 per year.*
- Q. My spouse and I would like to give more than \$100,000. How can we do that?**
- A.** *If your spouse is at least 70½ and has an IRA, he or she can also give up to \$100,000 from that IRA.*
- Q. When does this opportunity end?**
- A.** *It doesn't! There is no expiration date to the legislation.*

For more information, please visit www.uifoundation.planningyourlegacy.org, or contact:

The University of Iowa Foundation
Department of Planned Giving
P.O. Box 4550
Iowa City, Iowa 52244-4550
(319) 335-3305 / (800) 648-6973
Email: www.uifoundation.planningyourlegacy.org