



Lake Erie Nature & Science Center
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IRA Charitable Rollover Legislation Reinstated for 2010 and 2011

The IRA Charitable Rollover has been reinstated through 2011 as part of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The provision allows individuals aged 70½ and older to donate up to \$100,000 from their Individual Retirement Accounts (IRAs) directly to public charities without having to count the distributions as taxable income.

How does it work?

- **Who?** Taxpayers age 70½ and older are required to make annual distributions from their IRAs which are then included in the taxpayers' adjusted gross income (AGI) and subject to taxes. The IRA Charitable Rollover permits those taxpayers to make donations directly to charitable organizations from their IRAs without counting them as part of their AGI and, consequently, without paying taxes on them.
- **Maximum Amount.** A donor's total combined charitable IRA rollover contributions cannot exceed \$100,000 in any one year.
- **Eligible Charities*.** Charitable contributions from an IRA must go directly to a public charity that is not a supporting organization. Contributions to donor-advised funds and private foundations, except in narrow circumstances, do not qualify for tax-free IRA rollover contributions.
- **Eligible Retirement Accounts.** Distributions can only be made from traditional Individual Retirement Accounts or Roth IRAs. Charitable donations from 403(b) plans, 401(k) plans, pension plans, and other retirement plans are ineligible for the tax-free treatment.
- **Directly to the Charity.** Distributions must be made *directly* from the IRA trustee payable to the public charity.
- **No Gifts in Return.** Donors cannot receive any goods or services in return for charitable IRA rollover contributions in order to qualify for tax-free treatment.
- **Written Receipt.** In order to benefit from the tax-free treatment, donors must obtain written substantiation of each IRA rollover contribution from each recipient charity.
- **Expiration Date.** This provision is time-limited. It will apply only to qualified distributions made before January 1, 2012.
- **Next Steps.** Individuals must instruct their IRA trustee to make the contribution directly to an eligible charitable organization.

*Lake Erie Nature & Science Center is an eligible charity (federal tax identification number: 34-0845030). Please call Catherine Timko (ext. 201) or Ann Miller (ext. 206) at 440-871-2900 for more information about the Center.

DISCLAIMER

This document is based on information from Independent Sector and the Council on Foundations. This information is not a substitute for expert legal, tax, or other professional advice and we strongly encourage donors to work with their own counsel to determine the impact of this legislation on their particular situations. This information may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code.