

What is the IRA Charitable Rollover?



The IRA charitable rollover, or qualified charitable distribution (QCD), allows individuals age 70½ and older to make direct transfers of up to \$100,000 per year to qualified charities, like the Community Foundation. Individuals do not have to count the transfers as income for federal income tax purposes and transfers may satisfy your required minimum distribution (RMD).

Transfers must come from your IRA directly to the qualified charity. If you have retirement assets in a 401k, 403b or like accounts, you must first roll those funds into an IRA and then direct the IRA administrator/custodian to transfer the funds from the IRA directly to the Community Foundation.

Who Should Consider an IRA Charitable Rollover?

- Individuals age 70½ and older who have more money in their IRA than needed for daily living expenses and long-term care and want to see the difference their gift makes during their lifetime. Spouses who both have IRA accounts can each transfer up to \$100,000 from their IRA.
- Generous donors who may give more to charity than they can deduct in a tax year because transfers from an IRA directly to a qualified charity are exempt from federal income taxes.
- Donors who regularly give a portion of their income to charity and do not itemize deductions.
- Individuals age 72 years or older who have not taken your required minimum distribution (RMD). Income from your RMD will affect the amount of your Social Security income that is taxable.
- You wish to remove up to \$100,000 from your taxable estate knowing that the IRS can impose taxes of up to 60 percent on IRA funds not distributed during your lifetime.

Frequently Asked Questions about the IRA Charitable Rollover

The Community Foundation always recommends discussing your charitable giving plans with your professional advisor or attorney.

To what charities can I make an IRA charitable rollover?

IRA charitable rollover gifts must be made directly to a 501(c)(3) public charity such as the Community Foundation. The Community Foundation is able to accept IRA charitable rollover transfers to start a new or give to an existing fund.

Can an IRA charitable rollover benefit a donor advised fund?

No, donor advised funds and supporting organizations are not eligible to receive IRA charitable rollover transfers. Also, IRA charitable rollover transfers cannot be made to charitable gift annuities, charitable remainder trusts and similar planned giving vehicles.

What are the tax implications of an IRA charitable rollover gift?

Because the transfer occurs directly from your IRA to a qualified charity, you don't have to count the transfer as taxable income for federal tax purposes. Important to note, if you are 72 years old or older your IRA charitable rollover transfer can count as your required minimum distribution (RMD) for the year.

How do I initiate an IRA charitable rollover?

1. Contact [Katie Braswell](#) at the Foundation
2. Seek the advice of your financial or legal advisor.
3. Ask your IRA administrator/custodian to initiate the transfer to the Community Foundation. (To be tax-free, the donation must go directly from your account to the Community Foundation without passing through you.)

This information is not intended as tax, legal, or financial advice. Consult your personal financial advisor for information specific to your situation.