

## **IRA Charitable Distribution**

You may be looking for a way to make a big difference to help further our mission. If you are 70½ or older, an IRA charitable rollover is a way you can help continue our work and benefit this year.

### **Benefits of an IRA charitable rollover**

- Avoid taxes on transfers of up to \$100,000 from your IRA to St. Mary's Health System
- Satisfy your required minimum distribution (RMD) for the year
- Reduce your taxable income, even if you do not itemize deductions
- Make a gift that is not subject to the deduction limits on charitable gifts
- Help further the work and mission of St. Mary's Health System

### **How an IRA charitable rollover gift works**

1. Contact your IRA plan administrator to make a gift from your IRA to us.
2. Your IRA funds will be directly transferred to St. Mary's Health System to help continue our important work.
3. Please note that IRA charitable rollover gifts do not qualify for a charitable deduction.
4. Please contact us if you wish for your gift to be used for a specific purpose.

## **Frequently Asked Questions**

**Q. How do tax benefits for IRA distributions work?**

A. Donations made through an IRA qualified charitable distribution are excluded from your taxable income. Because such gifts are taken “off the top,” so to speak, a tax deduction for the gift cannot also be taken.

**Q. Who can benefit from an IRA distribution?**

A. You can make a qualified charitable distribution from an IRA if you are at least 70½ years old, even though under the SECURE Act, you are not required to take minimum distributions until you reach age 72 (unless you had already turned 70½ by December 31, 2019). Note that, if you are still contributing to your IRA after age 70½, there may be an offset to the tax benefit available through the IRA qualified charitable distributions.

**Q. Can both my spouse and I take advantage of the IRA Charitable Distribution?**

A. Yes. The amount that can be excluded from income is limited to any amount up to \$100,000 per taxpayer, per year. As a married couple, you can together donate up to \$200,000, provided that you each own at least one IRA and have reached age 70½.

**Q. If I make a gift from my IRA, how does this affect my required minimum**

**distribution?**

A. The amount that is distributed from your IRA will be deducted from the amount of your required annual minimum distribution (but it cannot replace distributions already taken in the calendar year).

**Q. How much can I give and still take advantage of the tax-free benefits of the law?**

A. The maximum amount that can be excluded from an IRA owner's reportable income is limited to \$100,000 per taxpayer, per year.

**Q. Can I make a charitable distribution from my Roth IRA?**

A. Yes, but if you itemize deductions on your taxes, you will be better off taking a tax-free withdrawal from your Roth account and then making your gift. Because you already paid income taxes on the deposits to your Roth IRA, you can take a charitable tax deduction on a gift made this way – but not if you use the IRA Charitable Distribution. If you don't itemize deductions, the Charitable Rollover may be more convenient for you and you won't lose any tax benefits.

**Q. If I elect to make a qualified charitable distribution from my IRA, will I be required to itemize my deductions at tax time?**

A. No. If you are part of the nearly 60 percent of taxpayers who elect the standard deduction at tax time, this new giving option will not change that for you. However, if your account includes non-deductible contributions, you may be able to take a charitable deduction on that amount. To guarantee the most favorable tax treatment of your donated IRA assets, please consult your tax or financial advisor.

**Q. Do I have to pay state or local taxes on my IRA distribution?**

A. You may – states and municipalities differ on whether you need to include the distribution in your taxable income. Check with your tax or financial advisor, or your taxing authority to be sure.

**Q. Can I use funds withdrawn from other qualified tax-deferred retirement accounts?**

A. No. The provision only provides a benefit for owners of an IRA or Roth IRA. Other forms of retirement plans such as 401(k)s and 403(b)s, pensions, profit sharing plans, Keogh plans, and employer-sponsored SEP IRAs and Simple IRAs are not eligible. But you may be able to roll assets from a 401(k), a 403(b) or a Keogh plan into a traditional IRA in order to take advantage of the charitable distribution – talk to your retirement plan administrator to find out if this is a possibility for you.

**Q. What paperwork do I need to keep for my taxes after I've made a charitable distribution?**

A. Make sure to keep your IRA statements showing the charitable distribution and tell your tax preparer that you have made such a gift. These steps are important because charitable distributions are generally not distinguished as such on the Form 1099-R that the IRA custodian sends to you.

**Q. I'm in! How do I give a charitable distribution?**

- A. Please inform us of your intent to give by filling out this quick form online. The mechanics of completing a qualified charitable contribution will vary depending upon the financial institution holding the IRA. Your financial institutions may request the charity's tax identification number. The tax identification number for St. Mary's Health System is 01-0211551. You can choose to restrict your gift to St. Mary's Health System.

*Note: Please discuss this possible giving vehicle with your financial advisors/tax planners to be sure that this is the best option given your overall financial situation.*