

### **Is an IRA Charitable Distribution right for you?**

The IRA Charitable Distribution may be a great opportunity for those with charitable intent who:

- Do not need their required minimum distributions (RMDs) to meet their living expenses
- Do not want to pay tax on their RMDs
- Desire to make charitable donations but do not itemize their deductions
- Would like to make larger charitable gifts that are not fully deductible due to adjusted gross income limitations

### **2016 UPDATE:**

#### **Tax-free distributions from individual retirement plans for charitable purposes**

Congress enacted legislation in 2006 allowing tax-free qualified charitable distributions of up to \$100,000 from an individual retirement account ("IRA") to a church or other charity.

Note the following rules and conditions:

- A qualified charitable distribution is any distribution from an IRA directly by the IRA trustee to a charitable organization, including a church, that is made on or after the date the IRA owner attains age 70½.
- A distribution will be treated as a qualified charitable distribution only to the extent that it would be includible in taxable income without regard to this provision.
- This provision applies only if a charitable contribution deduction for the entire distribution would be allowable under present law, determined without regard to the generally applicable percentage limitations. For example, if the deductible amount is reduced because the donor receives a benefit in exchange for the contribution of some or all of his or her IRA, or if a deduction is not allowable because the donor did not have sufficient substantiation, the exclusion is not available with respect to any part of the IRA distribution.

This provision expired at the end of 2014 but was made permanent for 2015 and future years by the Protecting Americans from Tax Hikes Act of 2015.