



## **THE IRA CHARITABLE ROLLOVER BENEFITING OSHER LIFELONG LEARNING INSTITUTE OR THE PALM DESERT CAMPUS**

### **How it Works**

The IRA Charitable Rollover provision allows retirees age 70 ½ and older to donate up to \$100,000 tax free from their IRA each year. Generally, when you take a distribution from your IRA, it is treated as taxable income. Under this provision, made permanent in the 2015 federal spending and tax package, those assets are excluded from income if the distribution is made *directly* to charity.

The distribution is not included in your income so you avoid the potential negative consequences that regular IRA withdrawals in retirement can create, including taxes on Social Security benefits. Distributions excluded from income are also equivalent to a 100% deduction. Normally, charitable contribution deductions are limited to a lower percentage (or are eliminated altogether) for taxpayers who do not itemize and take the standard deduction.

### **Turn Your Required Distributions into Charitable Donations**

IRS rules mandate that individuals age 70 ½ and older take RMDs (required minimum distributions) from their IRA each year, regardless of whether the income is needed. These annual withdrawals are subject to ordinary income taxes. By making a charitable contribution from your IRA, you can satisfy your RMD amount without reporting additional income. This provision may be especially attractive for retirees who don't need all the income from their IRA to meet current living expenses. By donating the money to charity, you can enjoy the satisfaction of knowing that you are contributing to a worthy cause while effectively lowering your tax bill.

### **Is a Charitable Contribution from an IRA Right for You?**

Donating IRA assets can be a financially rewarding strategy for both you and the charity. As always, you should talk with your financial representative or tax advisor before making a decision that alters your tax situation.

Following are several examples where a donation may be appropriate.

- Generally, in order to claim a charitable deduction, you must itemize your tax return. For retirees who no longer pay mortgage interest, the deductions may be too small to itemize. The provision offers the tax benefits of a charitable contribution without your having to itemize your deductions.

- Charitable deductions are limited by a taxpayer’s income — generally up to a maximum of 50% of modified adjusted gross income. By directing your IRA distribution to a charity, you can avoid this restriction.
- If reporting additional income on your Form 1040 increases your Medicare Part B premiums or negatively affects the taxability of your Social Security benefits, then making a charitable contribution from your IRA may be appropriate.
- Some states do not allow residents to deduct a charitable contribution. Making a donation to a charity directly from an IRA may provide a way to effectively claim a state tax deduction.

Consult a tax professional for state-specific guidance. Talk to your financial representative. It’s important to consider your tax situation before deciding whether to make a charitable contribution from your IRA. Be sure to work closely with your financial representative to determine whether this tax provision is right for you. This information is not meant as tax or legal advice. Tax laws are complex and subject to change. Please consult a professional tax advisor to determine how this tax law affects your situation.

To make your donation using your IRA Charitable Rollover, designate your distribution to the following:

Payment Information	Account Details
<b>Account Names:</b>	CSUSB Philanthropic Foundation/Osher Lifelong Learning Institute – for donations to OLLI  <b>OR</b>  CSUSB Philanthropic Foundation/PDC – for donations to your local four-year public university
<b>Sent to the Attention of:</b>	Shawn Shepherd, Director of Development
<b>Address:</b>	37-500 Cook Street, Palm Desert, CA 92211-2900
<b>Phone Number:</b>	(760) 341-2883, extension 78116
<b>CSUSB Philanthropic Foundation Tax ID:</b>	45-2255077