

# Let Us Help You Give Now through an IRA Charitable Rollover

In 2013, people who are 70-1/2 years and older can make a direct distribution up to \$100,000 from a traditional or Roth IRA to a qualified charity and not count the distribution as income for federal tax purposes. This is known as an IRA Charitable Rollover and is a win-win for both the individual and the charity.

## What is the IRA Charitable Rollover?

In 2006, a federal provision took effect that allowed individuals who are 70-1/2 years or older to roll over up to \$100,000 from an IRA directly to a qualified charitable organization without incurring federal income tax. \* The provision has been extended several times since 2006 and was most recently extended through Dec. 31, 2013.

The IRA Charitable Rollover is an attractive alternative for IRA assets that may be your most tax effective asset to give to charity. IRA assets are vulnerable to heavy taxation when included as part of an estate and may also be taxed again as income for the heirs.

## Do You Qualify for an IRA Charitable Rollover?

- Are you 70-1/2 years or older with traditional or Roth IRA?
- Do you want to use your minimum required distribution for charitable purposes?
- Are you already making charitable contributions at deduction level but want to do more?

## Other Incentives for Considering an IRA Charitable Rollover:

- Your income level causes the phase out of your exemptions or itemized deductions (reinstated as of Jan. 1, 2013).
- You are now subject to a higher tax rate and reduced itemized deduction schedule as result of new tax laws.
- You wish to remove up to \$100,000 from your taxable estate and want to enjoy making a charitable gift during your lifetime.
- If you are married and your spouse also meets the age requirement and has an IRA, each of you can make up to \$100,000 distribution directly to a charitable organization like the Oklahoma City Community Foundation.
- You do not itemize deductions.

## What Charities Qualify for an IRA Charitable Rollover

IRA Charitable Rollover gifts must be distributed directly to a tax exempt organization classified as a 501(c)(3) public charity such as the Oklahoma City Community Foundation. To ease the process, we offer the following fund options that qualify for an IRA Charitable Rollover:

**Fund for Oklahoma City** - an unrestricted fund that supports a broad range of current and future needs and opportunities through strategic grants to charitable organizations.

**Field of Interest Fund** - permanent endowment fund that allows donors to target gifts to causes important to them such as arts, education, social services and more.

**Donor Designated Fund** - allows a donor to designate one or more charitable beneficiary organizations at the time the distribution is made. After the fund is established, annual gifts are automatically made to the designated charities.

**Scholarship and Award Funds** - permanent endowments that provide support for individuals seeking to improve themselves through higher education or additional post-high school training.

### Example:

*Mr. Smith, age 75, has accumulated approximately \$2 million in his IRA accounts. He has other sources of wealth and has plans to leave a sizable estate to his heirs and charity. Under the IRA Charitable Rollover provision, Mr. Smith can chose to make up to a \$100,000 gift to a fund at the Oklahoma City Community Foundation and not pay federal income tax on the gift. In addition, if Mr. Smith is married and his wife is 70-1/2 or older, she can also make a similar federal tax-free gift from her IRA account in 2013.*

**Continued on back**

## What Does NOT Qualify for an IRA Charitable Rollover

- Donor Advised Funds
- Private Foundations
- Charitable Gift Annuities, Charitable Remainder Trusts, etc.

## How To Begin the Rollover Process

We recommend that you contact your IRA administrator and ask about that particular provider's procedure to execute an IRA Charitable Rollover. We can also provide you with a sample letter that you can send to your provider to initiate the rollover gift.

## Provision Deadline

This provision ends Dec. 31, 2013.

## Contact Us

Since 1969, the Oklahoma City Community Foundation has worked with individuals, families and charitable organizations to create funds for the benefit of our community. Our professional staff is available to work with donors and their professional advisors on creating a charitable giving plan that connects the donor with the causes they care about.

To learn more about the IRA Charitable Rollover provision in 2013, contact Joe Carter at 405-606-2914 or [j.carter@occf.org](mailto:j.carter@occf.org). You can also find more resources at [www.occf.org/iracharitablerollover](http://www.occf.org/iracharitablerollover).



*\* While you will not incur any federal income tax on the distribution, you are not entitled to claim an income tax charitable deduction for the gift.*

## Using an IRA distribution to benefit an endowment fund

Jim Cobb's love for his alma mater combined with his sincere appreciation for the education he received has resulted in him and his wife LaVerna establishing an endowment fund in 1990 to support scholarships at the OSU School of Civil and Environmental Engineering.

Since establishing the endowment fund at the Oklahoma City Community Foundation, Jim has continued contribute and has used the IRA Charitable Rollover provision to make several gifts to the fund. Jim continues to give back through planned giving opportunities at the Oklahoma City Community Foundation, transferring funds from an Individual Retirement Account (IRA) to support the endowment fund.



"My college education did a lot for me," says Jim. "When I got out I made a promise to myself if I ever had an opportunity to give back I would."



**OKLAHOMA CITY COMMUNITY FOUNDATION**

*Helping you help the community*

1000 N. Broadway Ave., Oklahoma City, OK 73102

405/235-5603 | [www.occf.org](http://www.occf.org)

[Facebook.com/occf.org](https://www.facebook.com/occf.org) | [Twitter.com/occforg](https://twitter.com/occforg)