

Fact Sheet – Charitable IRA Giving Provision

Tax-Free Charitable Giving from Your IRA

At the end of 2015, Congress permanently reinstated the giving provision that allows for tax-free gifts to charity directly from Individual Retirement Accounts (IRAs). This is an opportunity for supporters of the National Brain Tumor Society to take advantage of several tax benefits from this type of giving. This fact sheet summarizes the opportunities created for giving to the National Brain Tumor Society from your IRA or other retirement accounts. This information does not constitute legal or financial advice and we strongly encourage you to consult with your tax advisor about these strategies and whether they may be appropriate to your individual circumstances.

Direct Gifts to National Brain Tumor Society from Your IRA

If you are 70 ½ years of age or older, you are now eligible to make tax-free distributions directly from your IRA to National Brain Tumor Society.* The following are the basic criteria for this type of gift:

- You must have reached your 70 ½ birthday before making the gift.
- The gift must come directly from your IRA account to the National Brain Tumor Society. Your IRA plan custodian can provide the distribution forms to request an IRA charitable gift, also referred to as an *IRA charitable rollover* or *qualified charitable distribution (QCD)*.
- You can give up to a maximum of \$100,000 in IRA charitable rollover gifts in any calendar year.
- The gift cannot involve any “donor benefits,” like tickets to a fundraising gala or any gift where you receive some benefit of monetary value.
- The gift should be directed only towards qualified U.S. public charities like the National Brain Tumor Society, and may not be directed to donor advised funds.
- The charitable gift counts towards your annual Required Minimum Distributions (RMDs).

By adhering to these guidelines, your gift to the National Brain Tumor Society will not be treated as a taxable RMD withdrawal, but instead deemed a QCD and not included in your taxable income. Note: you may not take an income tax deduction on your tax return for these gifts because these funds have already been excluded from your taxable income. Because these gifts are directly excluded from taxable income they do not count against the maximum deductible contribution amounts for those who itemize on their tax return.

*If you are over age 70 1/2 and still making additions to your IRA, please consult with your tax advisor before using the IRA Rollover provision.

Required Minimum Distributions

A prime tax-savings feature of the IRA charitable rollover is that such gifts count towards your RMDs. Once you turn age 70 ½, you are required by law to take mandatory annual taxable withdrawals from your IRAs or other retirement accounts. If you would prefer not to pay income taxes on RMDs, you may simply direct some or all of your RMD to the National Brain Tumor Society as a QCD not subject to income tax.

Tax Benefit for Non-Itemizers

An additional tax-savings feature of the IRA charitable rollover is that it benefits those who do not itemize deductions on their tax returns. If you do not take itemized deductions on your income tax return, then you generally do not receive any tax benefit for your charitable giving. Since a QCD from your IRA is not included in your taxable income it has the effect of an income tax deduction for the amount given to the National Brain Tumor Society.

IRA Charitable Rollover Only Applies to IRAs

While other qualified retirement accounts are very similar to IRAs, the IRA charitable rollover only applies to actual IRA accounts. This means that similar 401K, 403B or other qualified retirement accounts may not be used for this type of gift. If you are interested in making an IRA charitable rollover gift from other qualified retirement accounts, we recommend that you first rollover over your other retirement funds into an IRA account and then proceed with the gift from the IRA.

IRA Giving from Those Younger Than Age 70 ½

If you are older than 59 ½ but not yet 70 ½, and are interested in making a gift to National Brain Tumor Society from your IRA, it may be possible with little or no tax cost. Any gift from your IRA to a charity will be treated as a taxable withdrawal. But, if you itemize your deductions and you exceed certain threshold amounts you could completely offset the income incurred by the IRA withdrawal. You should consult your tax advisor to determine if this gifting strategy works given your individual circumstances.

IRA Giving from Those Younger Than Age 59 ½

There is generally a 10% early withdrawal penalty for anyone withdrawing funds from IRAs or other retirement accounts before reaching age 59 ½. Any attempt to make a charitable gift in these circumstances would trigger that penalty.

Designating National Brain Tumor Society as a Beneficiary of Your IRA

In addition to the benefits we discussed for qualified IRA charitable rollover gifts, many of National Brain Tumor Society's supporters have decided to list us as a beneficiary of their IRAs or other retirement accounts. All funds in IRAs and qualified retirement accounts remain subject to income tax after your passing, except for funds designated to charitable organizations. If you are considering a Legacy Gift to National Brain Tumor Society, designating your IRA or other retirement fund may be a smart tax saving option.

Roth IRAs

In recent years, there has been much talk about the benefits of Roth IRAs. A Roth IRA is one that is funded with already-taxed funds (as opposed to pre-tax funds in standard IRAs). The benefit of a Roth IRA is that the investment growth of the funds is not subject to income tax when you withdraw it or after your passing. Roth IRAs are typically designated to family or other loved ones who receive the funds with no further tax liability. We recommend you talk with a tax advisor before considering making a QCD directly from a Roth IRA.

IRA Restrictions

If you are considering leaving part of an IRA to National Brain Tumor Society, but also want to ensure that a loved one has access to the funds after your passing, we recommend contacting your attorney to discuss post-mortem IRA planning.

Your Legacy with National Brain Tumor Society

IRAs and other retirement accounts represent a substantial portion of an individual's financial investments today and there is great interest in using these funds for charitable needs. Whether through the IRA charitable rollover, through a beneficiary designation, or another method appropriate to your circumstances, we hope you will consider using some of your retirement funds to create your own legacy, or legacy in honor of a loved one, with National Brain Tumor Society and help us conquer and cure brain tumors—once and for all.

If you have any questions about the information contained in this document, please call Maureen LaCerde, Assistant Director, Individual and Planned Giving, at 617.237.1731 or email at MLacerda@braintumor.org.

We strongly encourage you to consult with your own tax advisor about any of these options.