

Special Tax Bill *Permits Tax-free Charitable Transfers from IRAs*

On December 18, Congress passed the PATH Act, which renews and makes permanent the Charitable IRA provision of 2006, making it easier for Americans to give to causes they care about. This provision allows certain individuals to roll over up to \$100,000 annually from an Individual Retirement Account (IRA) to charity without being federally taxed. As with any tax matter, please consult your tax advisor.

The law allows taxpayers 70½ and older to give retirement savings directly to charity—and bypassing income tax. (<http://www.ici.org/research/stats/retirement/>)

Thanks to decades of deliberate saving, some of today's retirees have more money in their IRAs than they need for daily living expenses and long-term care. Charitable individuals and couples have expressed an interest in giving the funds to charity, but income tax must be paid on all withdrawals, which reduces the value of the gift. Others are concerned about designating their children as IRA beneficiaries, since that may draw unintended tax consequences. By going directly to a qualified public charity such as **FJC** the money is not included in the IRA owner's income and—most important—is not taxed, preserving the full amount for charitable purposes.

Annually, holders of traditional IRAs who are at least 70½ years old can make direct charitable transfers of up to \$100,000. Individuals may exclude the amount distributed directly to an eligible charity from their gross income. **FJC** can help donors execute the transfers and choose from several charitable fund options for their gift.

Donor Advised Funds do not qualify for tax-free IRA transfers but FJC administers other types of funds that do qualify such as:

Collective Giving Funds

IRA transfers to an FJC Collective Giving Fund allows donors to transfer their IRA distributions to a fund that also allows for additional contributors. The funds are a great way to raise money for a particular charity or cause.

Field of Interest Funds

IRA transfers to Field of Interest Funds allow donors to target gifts to causes important to them: arts, medical services, urban education, neighborhood revitalization, animal welfare and more. FJC would award grants to community organizations and programs addressing the donor's specific interest area.

Designated Funds

IRA transfers to Designated Funds allow donors to support the good work of a specific nonprofit organization—a senior center, museum or any qualifying nonprofit charitable organization.

If you have any questions about the now permanent IRA Charitable Rollover please contact FJC at 212-714-0001.