

Are you over 70½? Do you have an IRA?

Donating to NFWM could save you money!

There is a tax incentive for donating to charity called the Individual Retirement Account (IRA) Rollover Provision. Once an individual with an IRA reaches the age of 70½ they are required to take annual withdrawals from the IRA, and then to pay income tax on that withdrawal. However, if they give directly from their IRA (up to \$100,000) to a nonprofit, then they don't pay income tax.

This summary describes the important advantages and steps in making a charitable gift to NFWM from your IRA.

Background

Legislation enacted in December 2015 authorized charitable gifts from IRAs. Among the provisions of the bill is an exclusion from gross income for income tax purposes of up to \$100,000 (per IRA account owner) for “qualified charitable distributions” from an Individual Retirement Account (IRA). The distribution will count toward an individual's Required Minimum Distribution (RMD). The statutory requirements for a “qualified charitable distribution” are as follows:

- The distribution must be made from an IRA (other retirement accounts are not eligible).
- The recipient must be an eligible charitable organization.
- The IRA's owner must be at least age 70½.
- The distribution must be made directly to the charity by December 31. (See below.)

FREQUENTLY ASKED QUESTIONS

WHAT IS AN IRA CHARITABLE ROLLOVER? The law uses the term “qualified charitable distribution” to describe an IRA charitable rollover. A qualified charitable distribution is money that individuals who are 70½ or older may direct from their traditional IRA to eligible charitable organizations. The provision has a cap of \$100,000 for charitable distributions from individual IRAs each year. Individuals may exclude the amount distributed directly to an eligible charity from their gross income.

WHAT ARE THE DEADLINES TO COMPLETE A GIFT? Distributions by wire transfer must be received in NFWM's account by December 31. Distributions by check must have a postmark (on the envelope) no later than December 31 of the same tax year. Because of the high volume of year-end gifts, contact your IRA administrator as soon as possible to allow enough time for them to issue your gift before the end of December. [IRS Publication 526](#) discusses the rules for delivery of charitable contributions explains that generally, the date of mailing would qualify as the date the gift is made.

Please email nfwm@nfwm.org for instructions by wire transfer.

IF NFWM RECEIVES A CONTRIBUTION DIRECTLY FROM AN IRA, WILL WE PROVIDE A GIFT ACKNOWLEDGEMENT? Yes. Individuals making a charitable contribution using IRA funds must obtain a contemporaneous written acknowledgement of the contribution to benefit from this new provision. [IRS Publication 1771, Charitable Contributions—Substantiation and Disclosure Requirements](#) contains information about substantiation of charitable contributions.

MAY I MAKE A GIFT FROM MY IRA IF I ALREADY HAVE TAKEN MY REQUIRED MINIMUM DISTRIBUTION (RMD)? Yes. You can exclude up to \$100,000 (per IRA account owner) from gross income for qualified charitable donations. The donation counts toward your RMD but is not limited by your RMD.

MAY I CONTRIBUTE MORE THAN \$100,000 TO A QUALIFIED CHARITY FROM AN IRA? Yes, however, the law limits the exclusion from gross income to \$100,000. Charitable contributions from an IRA in excess of the \$100,000 must follow the general rules pertaining to percentage limitations and itemized contribution reductions.

ARE IRA DISTRIBUTIONS ALREADY TAKEN BY ME ELIGIBLE TO GIFT AS QUALIFIED CHARITABLE DISTRIBUTIONS? No. However, you can make gifts from IRA distributions that do not meet the requirements of a qualified charitable distribution. In such cases, the IRA distribution would be recognized as income for income tax purposes and typically would be eligible for a federal income tax charitable deduction.

IS MY IRA CHARITABLE ROLLOVER GIFT ELIGIBLE FOR AN INCOME TAX CHARITABLE DEDUCTION? No. Donors of qualified IRA gifts do not receive a federal income tax charitable deduction for the IRA gift, as they are not being taxed on the withdrawal.

ARE THERE OTHER TAX ADVANTAGES TO GIFTING THROUGH A QUALIFIED IRA? Yes! Qualified IRA gifts are not subject to percentage of adjusted gross income (AGI) limitations for charitable contributions and are not reportable as income for federal income tax or for Social Security income purposes. The amounts withdrawn are not subject to state income taxes in most states. Donors who do not itemize deductions on their federal income tax returns may benefit from qualified IRA gifts for their exclusion from gross income. Amounts withdrawn from an IRA account are removed from the donor's taxable estate. Talk to your tax advisor to see which benefits apply to your specific situation.

ARE GIFTS FROM RETIREMENT PLANS OTHER THAN IRA ELIGIBLE? No. However, donors may be able to make qualified transfers from their pension or retirement plan to their IRA, and then make a charitable gift from their IRA account.

WHAT IS THE NATIONAL FARM WORKER MINISTRY'S LEGAL NAME AND TAX ID NUMBER?
Our legal name is: National Farm Worker Ministry
Our tax ID number is: 95-2692880

The information is not a substitute for expert legal, tax, or other professional advice, and we strongly encourage donors to consult their own legal or tax advisor.