

CHARITABLE IRA “ROLLOVER” LEGISLATION EXTENDED THROUGH 2009

PLANNED GIVING AT THE LAW SCHOOL FOUNDATION

The Emergency Economic Stabilization Act of 2008, the main feature of which is the financial market bailout package, extends for 2008 and 2009 several expired tax and charitable incentives, including the expired legislation permitting Charitable IRA “Rollovers.” This means that individuals age 70 ½ and older may again make annual direct distributions of up to \$100,000 from traditional and Roth IRAs to qualified charitable organizations.

The following limitations and restrictions apply:

- You must be age 70 ½ or older as of the date of the distribution.
- Your qualified charitable distributions may not exceed \$100,000 in the aggregate in any taxable year.
- The provision applies to tax years 2008 and 2009 only. Qualified distributions must be made by December 31 of each year.
- Qualified distributions must be made directly to the charity by the plan trustee. Contact your plan administrator for information on how to initiate a transfer.
- Qualified charitable distributions will be excluded from gross income for federal income tax purposes and, in many cases, for state income tax purposes as well. You will not be eligible to claim a federal or state income tax deduction for the contribution.
- Only outright gifts are eligible. Distributions to charitable gift annuities, charitable remainder trusts, pooled income funds and other split-interest arrangements do not qualify for special tax treatment.
- Your distributions will count toward your Minimum Required Distribution (MRD).
- Qualified contributions are not subject to the deductibility ceiling (50% of Adjusted Gross Income [AGI]) or the 1% rule that requires that itemized deductions be reduced by 1% of AGI in excess of \$159,950 for tax year 2008.
- Gifts from retirement accounts other than IRAs—such as 401k, 403b, and SEP accounts—are not eligible. Donors may be able to make qualified transfers of money from other accounts to their IRA, and then make a charitable gift from

their IRA. Check with your tax adviser.

- Distributions to Supporting Organizations as described in IRC 509(a)(3) and Donor Advised Funds as described in IRC 4966(d)(2) are specifically excluded.
- Donors who do not itemize deductions on their federal income tax returns may make qualified IRA gifts and exclude such gifts from their reportable income.

Who is most likely to benefit?

- Individuals who are required to take minimum withdrawals, but don't need additional income.
- Individuals who wish to give more than the cash gift deductibility ceiling (50% of AGI).
- Individuals who are subject to the 1% “haircut” rule that reduces their itemized deductions.
- Individuals whose major assets reside in their IRAs and who wish to make a charitable gift during their lifetime.
- Individuals who intend to leave the balance of their IRA to charity at death.

Please contact Elizabeth Leverage '92, Director of Trusts, Estates, and Gift Planning, at the Law School Foundation if you would like more information about this opportunity. Elizabeth may be reached toll-free at 877-307-0158, directly at 434-924-4514, or by email at el leverage@virginia.edu, and she will be happy to talk with you about how this new provision might fit into your 2008 and 2009 philanthropic plans for the Law School and elsewhere.

The University of Virginia Law School Foundation does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. To ensure compliance with certain IRS requirements, we disclose to you that this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.



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