$100,000 INDIVIDUAL RETIREMENT ACCOUNT CHARITABLE ROLLOVER SET TO EXPIRE ON DECEMBER 31, 2013

The opportunity to make charitable contributions from your Individual Retirement Account ("IRA") to qualified public charities is about to expire. A taxpayer can again make a gift directly from their IRA to a qualified charity without recognizing the distribution on the taxpayer's individual federal return.

WHAT IS AN INDIVIDUAL RETIREMENT ACCOUNT CHARITABLE ROLLOVER?

Unless an IRA is a Roth IRA, the account owner must take yearly minimum required distributions, starting at age 70½, and pay income tax on the withdrawals. Enacted by the Pension Protection Act of 2006, IRC Section 408(d)(8) allowed individual taxpayers age 70 ½ or older to direct lifetime contributions up to $100,000 per year from their IRAs to qualified charities. The distribution is not included in the individual's gross income, but it counts towards satisfying the applicable minimum distribution requirement. Distributions to donor advised funds, supporting organizations and private foundations are not "qualified charitable distributions."

WHEN DOES IT EXPIRE?

The IRA charitable rollover in IRC Section 408(d)(8) expires on December 31, 2013.

WILL CONGRESS EXTEND THE DEADLINE AGAIN?

While the IRA charitable rollover has previously expired in other years and been extended by other tax laws several time over the past few years, there is no guarantee that Congress will act to extend it again.

WHY MAKE A CHARITABLE GIFT THIS WAY?

If you are taking required minimum distributions, you can contribute to a public charity (but not to a donor advised fund or to your private foundation) in this way before December 31, 2013, and you do not have to report the distribution on your income tax return.

WHAT ABOUT STATE TAXES?

There are still potential state tax consequences to these distributions.

If you want to consider utilizing this opportunity or if you would like any further advice on wealth transfer planning, please contact Sean Fahey at sfahey@hallrender.com or one of our estate planning attorneys at 317-633-4884.

To learn more about Hall Render's estate planning practice, please click here.

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