

FREQUENTLY ASKED QUESTIONS REGARDING YOUR IRA CHARITABLE DISTRIBUTION

1. What is an IRA charitable rollover?

The PPA uses the term “qualified charitable distribution” to describe an IRA charitable rollover. A qualified charitable distribution is a distribution to an eligible charitable organization from a traditional IRA of an individual who is 70 ½ or older. An individual may exclude up to \$100,000 from his/her gross income for each tax year for qualified charitable distributions from IRAs.

2. Who can benefit from a charitable IRA rollover?

Anyone with an IRA who is age 70½ at the time of the gift may benefit. While other planned giving options are available, the charitable rollover may be particularly appealing if:

- **You have maxed out your charitable deductions:** a qualified charitable IRA distribution operates separately from the percentage rules that limit the tax benefit of individual charitable giving. Therefore, for individuals inclined to give more, the charitable IRA rollover is an ideal option. IRA rollover gifts do not count toward the 50% of adjusted gross income limitation on charitable gifts of cash.
- **You are a non-itemizer:** Because qualified charitable distributions from IRAs do not require the donor to claim an income tax charitable deduction, non-itemizers can take the equivalent of a charitable deduction via the IRA rollover and indicate that on the front page of the IRS Form 1040 without itemizing.

3. Does a donor also receive a charitable deduction when they roll over assets to a charity under this provision?

No. The benefit under this provision is that the individual does not recognize the amount contributed directly from the IRA to a qualifying charity. Because a donor does not include the amount in his/her gross income, the individual may not take a charitable contribution deduction for the contribution. To do so would allow a donor to receive a double benefit from the contribution so a charitable contribution deduction is explicitly prohibited.

4. To which charities may donors make qualified charitable distributions?

Most contributions to *public charities* other than supporting organizations are considered qualified charitable contributions. However, distributions to donor-advised funds held by public charities are not qualified charitable distributions. A qualified charitable distribution may also be made to a private operating foundation or to a private foundation that elects to meet the conduit rules in the year of the distribution (see Definitions, below),

Private non-operating foundations and split interest trusts are not eligible for special treatment as qualified charitable distributions under the new law.

5. What if a donor contributes more than \$100,000 to a qualified charity from an IRA?

Since the amount that the donor is able to exclude from income is *limited to \$100,000* under the PPA, *the remaining amount would be recognized as income.* The donor may still contribute the additional amount to charity; however, the extent to which that additional amount can be deducted from the individual’s income will be determined following general rules about percentage limitations and the itemized contribution reduction discussed below.

6. Under what circumstances will this special treatment of IRA charitable rollover most likely benefit a donor?

The provision for qualified charitable distribution would allow a qualified charitable distribution from an IRA to be entirely excluded from an individual’s income. Since the rollover gift is excluded from income, neither the usual percentage limitations nor the itemized deduction reduction rules apply and the donor achieves a tax benefit.

7. Should a charity receiving a contribution directly from an IRA provide a gift acknowledgement?

Yes. An individual must obtain a contemporaneous written acknowledgement of the contribution to take advantage of the treatment of the contribution under this new provision.

8. May a charity provide any goods or services in return for the contribution?

No. If a donor receives any goods or services (e.g., tickets to a fundraiser) that would have reduced the donor's charitable deduction if the donor had made an outright gift to the charity, the rollover of assets from an IRA will not qualify for the tax-free treatment under this provision. Gifts to the donor that are disregarded (i.e. public recognition, token gifts and insubstantial benefits) will not disqualify the contribution from the tax-free treatment.

9. How Do I Make a Qualified Charitable Distribution?

You may authorize your IRA trustee to make the contribution directly. Please refer to the following page for an example letter.

HOW TO MAKE A QUALIFIED CHARITABLE DISTRIBUTION TO FIAF

Here is an example of a letter:

“Dear Sir or Madam:

Please accept this letter as my request to make a direct charitable distribution from my Individual Retirement Account # _____ as provided by the Sec. 1201 of the Pension Protection Act of 2006 and Sec. 408(d)(8) of the Internal Revenue Code of 1986, as amended.

Please issue a check in the amount of \$ _____ payable to **French Institute Alliance Française** (EIN 13-1624099) and send the check to **FIAF, 22 East 60th Street, New York, NY 10022**.

In your transmittal to the charity, please indicate my name and address as the donor of record in connection with this transfer, and please copy me on your transmittal.

It is my intention to have this transfer qualify for exclusion during the 2011 tax year. Therefore, it is imperative that this distribution be issued and postmarked no later than December 31, 2011.

If you have any questions or need to contact me, I can be reached at _____.

Thank you for your assistance in this matter.”

BANK ACCOUNT INFORMATION (TO WIRE FUNDS)

Bank: **Manufacturers & Traders Trust Co.**
Bank Address: **350 Park Avenue, 6th Floor**
New York, NY 10022

Account Name: **French Institute Alliance Française – Operating Checking Account**
Account Number: **9852949644**
ABA Number: 022000046 (routing number)
Swift Number: MANTUS33

If you have any questions regarding these instructions, please contact **Noel Henry** by telephone (212.350.2422) or fax (212.350.2490).

Please direct all questions regarding your IRA charitable gift to
Sean Basler, 646.388.6693 or sbasler@fiaf.org