



How to Do an IRA Charitable Rollover

IRA owners age 70½ and above typically contact their IRA custodian during the 4th quarter of each year and specify the amount of their IRA distribution. Most IRA owners with larger IRAs specify an amount equal to the required minimum distribution based on their age, their IRA balance the previous December 31 and the Uniform Table rules. If an IRA owner over 70½ desires to make an IRA charitable rollover, it will be necessary to download the applicable form with the addition of the charitable IRA rollover or obtain an IRA charitable rollover form by mail from the IRA custodian.

If the IRA custodian does not have a specific form, the IRA owner may send a letter to the IRA custodian similar to the following:

Dear IRA Custodian,

Sec. 408(d)(8)(A) of the Internal Revenue Code permits an IRA rollover directly from an IRA custodian to a qualified public charity. As the owner of IRA account #123-456789 that is in the custody of your organization, I request that you transfer from that account the sum of \$XXXXXX to:

*Duluth Superior Area Community Foundation
222 East Superior Street, Suite 302
Duluth, MN 55802*

The Treasury Tax ID Number for Duluth Superior Area Community Foundation is 41-1429402.

It is my intention to make a Qualified Charitable Distribution (QCD) to Duluth Superior Area Community Foundation from my IRA as permitted by law. Under the Congressional JCT Technical Explanation of Sec. 408(d)(8)(A), this QCD will fulfill part or all of my IRA required minimum distribution for this year.

This letter is sufficient authorization for you to make this QCD gift. However, if you require any further documents, please forward those to me for my signature.

Cordially yours,

IRA Owner

After the IRA owner has the appropriate form as required by the IRA custodian, he or she will need to specify the amount of the charitable IRA rollover (not to exceed \$100,000 in one year). Since the limit is for “a taxpayer,” a husband and wife could each give up to \$100,000 from two separate IRA accounts. Even in community property states, the \$100,000 limit will apply to each account.

Most IRA custodians transfer IRA rollover funds by check or electronic transfer directly to the charity. However, some IRA custodians issue a check payable to the charity, but send the check to the donor for forwarding to the charity. This transaction will still qualify under Sec. 408(d)(8) as an IRA rollover if the check is issued payable to the charity and the owner delivers the check prior to December 31 of the applicable year. Delivery may be made by physical transfer to an agent for the charity or by placing the check in the U.S. mail by December 31 of the appropriate year.

**This document was created for informational purposes only and should not be viewed as formal tax advice or legal opinion. The Duluth Superior Area Community Foundation strongly encourages those individuals and organizations that are interested in the IRA Rollover provision to discuss this provision with qualified legal and financial advisers.*