



IRA Charitable Rollover

A Tax-Saving Way to Help Texas Public Radio

Frequently Asked Questions

Q. I'm turning age 70½ in a few months. Can I make this gift now?

A. No. The legislation requires you to reach age 70½ by the date you make the gift.

Q. I already donate to TPR. Why would I want to make a Qualified Charitable Distribution (QCD) through my IRA instead of directly from my bank account?

A: Your QCD made from your IRA to TPR would not be treated as taxable income. In order to receive a tax benefit for a charitable contribution, a taxpayer must itemize their deductions instead of claiming the standard deduction. If you don't have enough other expenses to justify itemizing, the tax benefit of the charitable contribution is lost. By following the QCD rules, the tax benefit of the charitable gift is realized, regardless of whether or not you itemize your deductions.

Q. I have several retirement accounts—some are pensions and some are IRAs. Does it matter which retirement account I use?

A. Yes. Direct rollovers to a qualified charity can only be made from an IRA. Under certain circumstances, however, you may be able to roll assets from a pension, profit sharing, 401(k) or 403(b) plan into an IRA and then make the transfer from the IRA directly to TPR. To determine if a rollover to an IRA is available for your plan, speak with your plan administrator.

Q. Can my gift be used as my minimum required distribution under the law?

A. Yes, absolutely. If you reached the age of 70½ on or before Dec. 31, 2019, you can use your gift to satisfy all or part of your required minimum distribution for the year. If you turn 70½ on or after Jan. 1, 2020, you can use your gift to satisfy all or part of your required minimum distribution starting at the age of 72. Contact your IRA custodian to complete the gift. (Note: The RMD requirement has been waived for 2020, per the CARES Act)

Q. Do I need to give my entire IRA to be eligible for the tax benefits?

A. No. You can give any amount under this provision, as long as it is \$100,000 or less this year. If your IRA is valued at more than \$100,000, you can transfer a portion of it to fund a charitable gift.

Q. I have two charities I want to support. Can I give \$100,000 from my IRA to each?

A. No. Under the law, you can give a maximum of \$100,000. For example, you can give each organization \$50,000 this year or any other combination that totals \$100,000 or less. Any amount of more than \$100,000 in one year must be reported as taxable income.

Q. I've already named your organization as the beneficiary of my IRA. What are the benefits if I make a gift now instead of after my lifetime?

A. By making a gift this year of up to \$100,000 from your IRA, you can see your philanthropic dollars at work. You are jump-starting the legacy you would like to leave and giving yourself the joy of watching your philanthropy take shape. Moreover, you can fulfill any outstanding pledge you may have already made by transferring that amount from your IRA under this legislation as long as it is \$100,000 or less for the year.