

## **Bulletin: Congress Renews IRA Gift Opportunity**

Congress has passed the Emergency Economic Stabilization Act of 2008, which extends for 2008 and 2009 an expired provision permitting IRA owners age 70½ and older to make distributions to qualified organizations of up to \$100,000 per year.

No income tax deductions are available for IRA “qualified charitable distributions,” but donors may save taxes anyway, where gifts take the place of required minimum distributions (which otherwise are 100% taxable).

To make a 2008 gift from an IRA, donors should contact their IRA trustee or custodian as soon as possible – preferably before receiving any required minimum distributions. Transfers for 2008 must be completed by December 31, 2008. Distribution checks should be issued in the name of a qualified charity, not to the account owner, with notification to the charity.

The rules are the same as for IRA gifts made in 2006 and 2007:

- Donors must be age 70½ or older and own a traditional or Roth IRA. Other retirement plans, such as pensions, 401(k) plans and others are not eligible.
- Only the IRA trustee can transfer gift amounts to a qualified organization. If IRA owners withdraw funds and then contribute them to charity separately, amounts withdrawn will be included in the donor’s gross income.
- No charitable deductions are allowed, but gift amounts will not be included in the donors’ incomes. IRA gifts may satisfy charitable pledges, according to the IRS.
- IRA gifts may not exceed \$100,000 and must be made before 2010. Note that up to \$100,000 may be distributed for both 2008 and 2009. The “ceilings” on contribution deductions (50% of adjusted gross income for cash, 30% of AGI for capital gain assets), do not apply to IRA gifts.
- IRA gifts cannot be made to charitable remainder trusts or other “life income gift” arrangements. Transfers are not permitted to donor advised funds or “supporting organizations.”

For more information contact Presbyterian Foundation Development Officer Ann Earnest at 713-526-2585, ext. 237.