**IRA Rollover Information**

Use Your Traditional IRA to support Economic Literacy Colorado

Legislation that was passed in 2012 allows individuals aged 70 ½ + to make charitable gifts directly from a traditional IRA account to charity without incurring federal income tax on the withdrawal. Please confer with tax advisor as tax code may change annually.

The IRA Charitable Rollover provides you with an excellent opportunity to make gifts during your lifetime from an asset that could be subject to multiple levels of taxation in your estate.

**Benefits:**

* + - * Give up to $100,000 each calendar year.
      * Charitable distributions are not included in your gross income for federal income tax purposes on your IRS Form 1040 (no charitable deduction is available, however).
      * Gifts count toward your required minimum distribution for the year from your IRA.
      * You can choose the program at the Economic Literacy Colorado that will receive your gift.

**To Qualify:**

* + - * You must be 70 ½ + at the time of gift.
      * Transfers must be made directly from a traditional IRA account by your IRA administrator to the Economic Literacy Colorado. Funds that are withdrawn by you and then contributed to do NOT qualify. Gifts from 401K, 403b, SEP and other plans do not qualify but these plans can be converted to IRAs.
      * Gifts must be outright. Distributions to donor-advised funds or life-income arrangements such as charitable remainder trusts and charitable gift annuities are not allowed.

**Example:**

Suppose Jane has $500,000 in an IRA and a $25,000 required minimum distribution for the year. She also wants to contribute $20,000 to Economic Literacy Colorado. She can authorize the administrator of her IRA to transfer $20,000 to the Economic Literacy Colorado and $5,000 to herself. Her gift will not be subject to federal tax and will be counted toward her annual required minimum distribution.

**How will the Economic Literacy Colorado count the gift?**

We will give you full credit for the entire gift amount.

**What are the tax implications to me?**

Federal – the transfer to the Economic Literacy Colorado is not recognized as income, provided it goes directly from the IRA administrator to us. However, you are not entitled to an income tax charitable deduction for your gift.

State – Each state has different laws, so you will need to consult with your own advisors.

**Does this transfer qualify as my required minimum distribution?**

IRA Charitable Rollovers count toward your required minimum distribution from the IRA for the year.

**Can my spouse also make an IRA Charitable Rollover, even if we are married and file jointly?**

Yes, every individual can use the IRA Charitable Rollover for up to $100,000 each year.

**How do I know if an IRA Charitable Rollover is right for me?**

You are at least age 70 ½ and:

-You do not need the additional income necessitated by your required minimum distribution, OR

-Your charitable gifts already equal 60% of your adjusted gross income, so you do not benefit from an income tax charitable deduction for additional gifts, OR

-You do not itemize deductions, OR

-You are subject to income phase-outs on your income tax deductions.

**What is the procedure to execute an IRA Charitable Rollover?**

We offer a sample letter you can send to your plan provider to initiate a rollover. Please contact us when you direct the rollover so we can look for the check from your IRA administrator and apply your gift to:

**Economic Literacy Colorado**

**1355 S. Colorado Blvd., Suite 506**

**Denver, Colorado 80222**

For more information, please contact Bill Tortorici at (303) 745-3171 or bill.tortorici@econlitco.org.