

THE IRA CHARITABLE ROLLOVER: A SMART GIFT FOR MAXIMIZING YOUR TAX SAVINGS

The **IRA Charitable Rollover** (also known as the IRA Qualified Charitable Distribution) is a great way to combine charitable giving with financial planning. For most people, it will maximize federal and state income tax savings – and it doesn't require you to itemize your deductions in order to get a break for your charitable gifts. Transfer your gift directly from your traditional IRA account to Clark. Your gift will count towards your annual Required Minimum Distribution (RMD) and your withdrawal will be tax-free.

WHAT ARE THE RULES?

- **You must be at least 70 ½ years of age** as of the date of your gift.
- **Your gift must be transferred directly** from your IRA to Clark (more on the process on the reverse of this sheet).
- **You can make outright gifts of up to \$100,000 total in a calendar year** to qualified charities like Clark from all your IRA accounts. (You cannot use the IRA Charitable Rollover to make transfers to donor advised funds, charitable trusts, charitable gift annuities or family foundations.) If your spouse has one or more IRAs, s/he may also transfer up to \$100,000 directly to charities in a calendar year.
- **The IRA Charitable Rollover only applies for gifts from an IRA** and not from any other type of retirement plan such as a 401(k), 403(b), SEP, or traditional pension. You may be able to move money from one of these accounts into a traditional IRA in order to use the IRA Charitable Rollover. Don't make a gift directly from your Roth IRA – withdrawals from Roth IRA accounts are already tax-free and using the IRA Charitable Rollover will take away your ability to claim a charitable tax deduction.
- **Because your IRA withdrawal won't be included in your taxable income, you cannot claim a federal charitable deduction for your gift.** States vary in their rules for reporting the IRA Charitable Rollover on state income tax forms, so please check with your financial planner or tax professional for guidance.
- **What if I've already taken my RMD for the year?** You can still utilize the IRA Charitable Rollover but your RMD withdrawal will be fully taxable. Plan now to make next year's charitable gifts from your IRA to take full advantage of having some or all of your RMD be tax-free withdrawals to Clark and other charities you support.

Please note that the CARES Act passed on March 27, 2020 has waived all RMDs for tax year 2020. Consult with your tax advisor as to determine if using the IRA Charitable Rollover or if making your charitable gifts using other assets is your best tax strategy for 2020. More information on tax law changes impacting charitable gifts from IRAs can be found [here](#).

HOW CAN USING THE IRA CHARITABLE ROLLOVER LOWER MY TAXES?

- **The IRA Charitable Rollover lowers your Adjusted Gross Income (AGI)** by removing any withdrawals sent straight to charity from the income you report on your federal taxes. A lower AGI may reduce the taxes you pay in several ways:
 - If you normally take the standard deduction, you now effectively also get a charitable deduction. If you normally itemize deductions - but the total of all your non-charitable deductions is less than the standard deduction - you can switch to taking the higher standard deduction while still effectively getting a deduction for your charitable gifts.
 - If you are subject to AGI-based limits on your charitable or other deductions and/or "high income" tax penalties such as the Net Investment Income Tax or the Additional Medicare Tax, you may be able to lessen the impacts of these provisions.
 - You may also be able to reduce taxes on Social Security payments, lower your Medicare premiums and/or claim higher deductions for medical and miscellaneous expenses.
- If your state limits or does not allow charitable deductions, you may also be able to lower your state income taxes.

Not everyone will save more on taxes as a result of using the IRA Charitable Rollover (as opposed to making a gift and taking a charitable income tax deduction) - but you're unlikely to save less. Please consult your tax advisors as to your own situation.

HOW DO I MAKE MY GIFT TO CLARK VIA THE IRA CHARITABLE ROLLOVER?

- **Your IRA Charitable Rollover must be transferred directly by your IRA plan administrator to Clark.** You have two options:
 - 1) Contact your plan administrator to request they send a check made out to "Clark University" to:

**Office of Planned Giving
Clark University
950 Main Street
Worcester, MA 01610**

Please let us know if your IRA administrator is sending an IRA Charitable Rollover gift so we can be sure to match you to the check when it comes in (they are not always clearly labeled). Please send us an email or give us a call and tell us: your name, the name of your plan administrator, the amount of your gift, and if you would like us to use your gift for The Clark Fund or for another purpose.

- 2) Ask your plan administrator to make out a check to "Clark University" and send it to you. Forward the check to the Planned Giving Office, including a note on how we should use your gift.

**Figuring out the best way to make your planned gift can be complicated;
Clark's Office of Planned Giving is here to help.
For a confidential conversation to explore your options or a gift illustration,
call (877) 252-7510 or email plannedgiving@clarku.edu.**



Clark University Office of Planned Giving
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(877) 252-7510 plannedgiving@clarku.edu