

Charitable IRA Rollover

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Your Generosity in Action



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The Charitable IRA Rollover: also called a Qualified Charitable Distribution

If you are 70½ years old or older, you can take advantage of a simple way to benefit San José State University and receive financial benefits in return. You can transfer up to \$100,000* from your Individual Retirement Account (IRA) directly to SJSU without declaring it as income, so you benefit even if you do not itemize on your taxes. The gift counts toward your minimum required distribution. Making your gift today gives you the joy of watching the impact of your philanthropy.

You can benefit from the charitable IRA rollover if any of these apply:

- You have significant assets in an IRA
- Your charitable giving is large, relative to your income
- You do not itemize

What is a charitable IRA rollover?

This provision allows donors to avoid creating taxable income from the transfer of IRA assets directly to public charities.

How do I make a charitable IRA rollover gift?

Contact your IRA plan administrator to have your IRA funds transferred directly to The Tower Foundation of San José State University (Tax ID# 83-0403915). Please note that IRA charitable rollover gifts do not qualify for a charitable deduction.

Why is the charitable IRA rollover better?

Under current law, withdrawals from traditional IRAs and certain Roth IRAs must be declared as income and, therefore, are taxed—even if they are immediately directed to a charity. The donor receives a tax deduction for this donation, but various other federal and sometimes state tax rules can prevent the deduction from fully offsetting this taxable income. The charitable IRA rollover eliminates this problem.

What gifts qualify for a charitable IRA rollover?

To qualify, a gift must be made by a donor age 70½ or older and transferred from a traditional or Roth IRA directly to a public charity.

Is there a limit on the amount that I can give?

Yes. Total gifts from your IRA cannot exceed \$100,000 per taxpayer per tax year.* Your spouse can also give up to \$100,000.*

Is an income tax deduction also available?

No. The gift is excluded from income, so it does not create a taxable event.

Can a gift be used to fund a charitable remainder trust or charitable gift annuity?

No. The donor can receive no benefits in return for the gift. This includes life income plan payments.

Can other retirement plans, such as 401(k) and 403(b) accounts, be used?

No. However, it may be possible to make a tax-free transfer from such other accounts to an IRA, from which a charitable rollover can then be made.

Why are Roth IRAs included? Aren't withdrawals from a Roth IRA tax-free?

Withdrawals from a Roth IRA may be tax-free only if the account has been open for longer than five years or if certain other conditions apply. Otherwise, withdrawals are taxed as if they came from a traditional IRA. Therefore, certain Roth IRAs could benefit from a charitable IRA rollover.

What about the required minimum distribution?

A qualifying rollover gift can count toward satisfying this requirement.

What if a withdrawal does not meet the requirements of a charitable IRA rollover?

It simply will be included in taxable income as other IRA withdrawals currently and may be deducted as a charitable contribution.

For more information contact the Planned Giving team at planned.giving@sjsu.edu or call 408-924-1120.

*After 2023, the maximum amount per person will be indexed for inflation.