



IRA Additional FAQ

Restoring Hope to Kids and Families around the world since 1973.

Now you can plan to make a Charitable IRA rollover gift (QCD) to Hope 4 Kids International this year.

Feel free to call Mark at Hope 4 Kids International Office 623-979-5516, Cell 712-363-3638 or email mark@h4ki.org to learn how the charitable IRA rollover provision can help you support Hope 4 Kids International.

FREQUENTLY ASKED QUESTIONS

What is a charitable IRA rollover?

The charitable IRA rollover, or qualified charitable distribution (QCD), is a special provision allowing donors (70 ½ years old or older) to exclude from taxable income -- and count toward their required minimum distribution now at 73 years or older -- certain transfers of Individual Retirement Account (IRA) assets that are made directly to public charities, including Hope 4 Kids International.

Since it was first made available in tax year 2006, many donors age 70 1/2 or older have used this popular option to support the areas of their choice with tax-wise gifts ranging from \$100 to \$105,000.

How does this help me?

A charitable IRA rollover makes it easier to use IRA assets, during lifetime, to make charitable gifts.

Why will lifetime IRA gifts be easier?

Under current law, withdrawals from traditional IRAs and certain Roth IRAs are taxed as income, even if they are immediately directed to a charity. The donor receives a tax deduction for his or her donation, but various other federal, and sometimes state, tax rules can prevent the deduction from fully offsetting this taxable income. As a result, many donors have chosen not to use IRA assets for lifetime gifts. The charitable IRA rollover eliminates this problem.



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Is there a limit on the amount that can be given?

Yes, there is a limit. An individual taxpayer's total charitable IRA rollover gifts cannot exceed \$105,000 per tax year and \$105,000 from a spouse.

What gifts qualify for a charitable IRA rollover?

A gift that qualifies, technically termed a “qualified charitable distribution,” is:

- Made by a donor age 70 1/2 or older
- Transferred from a traditional or Roth IRA directly to a permissible public charity, such as the Hope 4 Kids International. *(If giving in this manner, please tell your broker or fund manager to name you as the donor on the transfer, and if your gift is intended for a particular area have the broker specify that as well.)* Completed during the applicable tax year

What about the required minimum distribution?

At age 73 years or older if you have not already taken your required minimum distribution in a given year, a qualifying rollover gift or QCD can count toward satisfying this requirement.

Is an income tax deduction also available?

No. The gift would be excluded from income, so providing a deduction in addition to that exclusion would create an inappropriate double tax benefit.

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.

Can a gift be made to any charity?

No. Excluded are: Supporting organizations and Private foundations



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Who can benefit from using the charitable IRA rollover to make a gift?

- Persons with significant assets in an IRA
- Persons making gifts that are large, relative to their income. (Because a charitable rollover is not included in taxable income, it does not count against the usual percentage limitations on using charitable deductions.)
- Persons having so few deductions that they choose not to itemize

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.

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

Yes. You can also use up to \$53,000 of a QCD to make a one-time donation to a Charitable Remainder Trust (CRT) or Charitable Gift Annuity (CGA).

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 are.

Can I still make a gift with an IRA that has a beneficiary designation?

Absolutely! Whether or not you choose to make a charitable IRA rollover gift, you can still designate Hope 4 Kids International as a beneficiary to receive IRA assets after your lifetime. The lifetime charitable IRA rollover is simply another option for donors who would like to see their philanthropy at work now.

If I made a charitable IRA rollover gift in other tax years, can I do this again for the current tax year?

Yes. The current law extends the charitable IRA rollover provision indefinitely -- with no expiration date -- allowing individuals to make qualifying gifts every tax year.



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Charitable IRA Rollover Gift Summary

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More questions?

Contact Mark at Hope 4 Kids International by phone at Office 623-979-5516, Cell 712-363-3638 or email to mark@h4ki.org.

While this is a great option, other types of gifts may provide donors with additional tax benefits. As with any gift planning question, donors should consult their tax professionals for specific advice.