

TAX FREE IRA ROLLOVERS FOR CHARITY

On October 3, 2008, President Bush signed the Emergency Stabilization Act of 2008. One provision of this legislation restored the Tax Free IRA Rollover for Charity previously enacted for 2006 and 2007. This new legislation once again allows IRA owners, age 70 ½ and older, to transfer up to \$100,000 directly from their IRAs to public charities, such as Scripps Health, tax free.

Although no charitable deduction would be allowed for this donation, the amount of the distribution to Scripps Health would also be excluded from your 2008 adjusted gross income. It also appears that any direct rollovers to Scripps will satisfy the required minimum distribution provision of IRA accounts.

If you are looking for a way to make additional cash contributions above your current 50% of AGI limit, have an income level that causes exemption phase-outs or deduction limitations, don't itemize your deductions, or fear that an increased AGI will cause more of your Social Security income to be taxed, the IRA rollover might be right for you.

This provision expires on December 31, 2009, so rollovers can only be made for 2008 and 2008 tax years at a maximum amount of \$100,000 per individual per year.

Important aspects of this new law to be aware of:

- IRAs only
- Outright gifts only – no life income gifts
- Can be used to satisfy pledges
- Qualified Charities: Public charities (no donor advised funds or private foundations)
- Distributions must be made directly by the IRAs administrator or trustee to a qualified charity, although if you have an IRA checkbook you may write a check directly to the charity
- Entire distribution must be paid to charity with no quid pro quo (no benefit)
- Substantiation Required: The charity must give the donor a written acknowledgment that it has received the IRA distribution and that no good or services were given in connection with the distribution.

State and local laws may differ significantly. Please consult your personal legal and financial advisors before deciding to make a gift this way. Please alert Scripps Health if you are requesting a distribution be made on your behalf. These transactions can be very difficult to identify and match up with an individual donor.

Please call the Office of Gift Planning if you have any questions:

(858) 678-7120 or (800) 326-3776