2013 IRA Rollover Extension
Questions and Answers

The American Taxpayer Relief Act of 2012 extended the IRA Rollover for 2012 and 2013. Originally passed in 2006 as part of the Pension Protection Act, the IRA Rollover allows individuals age 70½ and older to make direct transfers totaling up to $100,000 per year to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes.

- *Who qualifies?*
  Individuals who are age 70½ or older at the time of the contribution (you have to wait until your actual 70½th birthday to make the transfer).

- *How much can I transfer?*
  $100,000 for 2013. **The provision expires on December 31, 2013.**

- *From what accounts can I make transfers?*
  Transfers must come from your IRAs directly to the Kiwanis International Foundation. If you have retirement assets in a 401k, 403b etc., you must first roll those funds into an IRA, and then you can direct the IRA administrator to transfer the funds from the IRA directly to the Kiwanis International Foundation.

- *To what charities can I make gifts?*
  Tax exempt organizations that are classified as 501(c)(3) charities, including the Kiwanis International Foundation, to which deductible contributions can be made.

- *Can I use the IRA Rollover to fund life-income gifts (charitable gift annuities, charitable remainder trusts, or pooled income funds), donor advised funds or supporting organizations?* No, these are not eligible.

- *How will the Kiwanis International Foundation count the gift?*
  We will give you full credit for the entire gift amount.

- What are the tax implications to me?
  - **Federal:** You do not recognize the transfer to the Kiwanis International Foundation 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. Some states have a state income tax and will include this transfer as income. Within those states, some will allow for a state income tax charitable deduction and others will not. Other states base their state income tax on the federal income or federal tax paid. Still other states have no income tax at all.

- *Does this transfer qualify as my minimum required distribution*
  Once you reach age 70½, you are required to take minimum distributions from your retirement plans each year, according to a federal formula. IRA Rollovers count towards your minimum required distribution from the IRA for the year.

- *How do I know if an IRA Rollover is right for me?*
  You are at least age 70½, and:
  - You do not need the additional income necessitated by your minimum required distribution, OR
  - Your charitable gifts already equal 50% 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 Rollover?*
  Contact your IRA administrator to learn their procedures. We also offer a sample letter you can send to your plan provider to initiate a rollover. Make sure that you contact us when you direct the rollover so we can look for the check from your IRA administrator.

For more information, contact your financial advisor or Matt Morris, Major/Planned Gifts Officer at 1-800-549-2647, ext. or +1-317-217-6234, or email: mmorris@kiwanis.org.