



## How the IRA Charitable Rollover Works

Millions of Americans who have reached the “required minimum distribution” age find themselves forced to withdraw taxable income from their IRAs when they have no need or desire to do so. The result is a higher tax bill, perhaps even pushing them into a higher income tax bracket.

The IRA Charitable Rollover allows a tax-free transfer directly from certain taxpayers’ IRAs to qualified charities (including Niagara University) without income tax consequences. The effect of a qualified IRA Charitable Rollover is that the money distributed from your IRA to Niagara University will not count as income for you, but it will count toward your annual required minimum distribution.

The requirements and restrictions are as follows:

**Age Requirement.** Only individuals who are at least 70 ½ years old at the time of the gift may utilize the provision.

**Limited to IRAs.** The law allows this provision to be used only for individual retirement accounts (“IRAs”). Section 401(k) plans, section 403(b) plans, and other tax-deferred retirement plans do not qualify.

**Rollover Cap.** Each taxpayer may utilize the IRA Charitable Rollover by transferring up to \$100,000 per tax year. Thus, a married couple could transfer as much as \$200,000 under this provision, if each spouse had at least \$100,000 in their IRA.

**Qualified Charities.** Only “public charities” under Sections 509(a)(1) and 170(b)(1)(A) of the Internal Revenue Code qualify. Niagara University meets these requirements.

**Direct Transfer Required.** A taxpayer may not withdraw funds from an IRA and then give the money to charity. Distributions must be made directly to the public charity from the IRA by the IRA Administrator and not be directed through the account owner.



**No Goods or Services Received.** The taxpayer may not receive any goods or services in exchange for the IRA Charitable Rollover. Thus, this provision may not be used to fund a Charitable Gift Annuity or a Charitable Remainder Trust. Niagara University would gladly provide documentation to you indicating no goods or services were received in exchange for your gift.

**As with any decision involving your assets, we encourage you to seek the advice of your financial or legal advisor when considering a gift to Niagara University.**