

A New Charitable Giving Alternative: Use Your IRA as Never Before

On August 17, 2006, President Bush signed the Pension Protection Act of 2006 into law. The act, which encourages financial support of charitable organizations, provides new tax incentives for charitable gifts from donors who are 70½ or older.

If you meet the age criterion, under the new law, you can make a lifetime gift using funds from your individual retirement account (IRA) without undesirable federal income tax effects. Previously, you would have had to report any amount taken from your IRA as taxable income and take a charitable deduction for the gift, but only up to the maximum 50 percent of your adjusted gross income. In some cases, this could have meant paying more in income taxes than if you didn't give at all.

Fortunately, these IRA gifts can now be accomplished simply and with zero federal income tax complications. Any distribution made directly to charities from your IRA will count towards meeting the minimum required distribution for the calendar year. Note that this is a non-taxable event, so no charitable deduction is available. Therefore, you can make the gift now and witness the benefits of your generosity, while you are still living!

What are the qualifications to make an IRA Direct Gift to a Charity?


You may contribute funds this way this year if:

- You are age 70½ or older.
- The gift is \$100,000 or less per taxpayer.
- You make the gift between now and Dec. 31, 2007.
- You transfer funds directly from an IRA or Rollover IRA.
- You transfer the gift outright to one or more qualified 501(c)3 public charities, such as the UC Berkeley School of Public Health. (You are not allowed to give directly to supporting organizations or donor-advised funds housed at a community foundation).

How to Make a Gift—It's Simple

Prior to making a gift, contact the School of Public Health's External Relations Office at (510) 643-1487 to obtain the Schools' tax identification number and other additional instructions. Then contact your IRA custodian to obtain the transfer form; you fill in your IRA account number, the School's tax ID number and mailing address, the amount to be gifted, and return the form to your IRA custodian. It is very important to let us know who your IRA custodian is and the exact amount, so that we can provide proper acknowledgement when the donation arrives.

For More Information

The School of Public Health urges you to seek the advice of an attorney in developing your giving plan. Our expert staff would be happy to provide you with specific ideas regarding charitable giving as a component of your estate plan. Please feel free to call Rick Zurow, philanthropic adviser/major gift officer, at (510) 643-1487, or by e-mail at rzurow@berkeley.edu. 

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