

## Tax-free distributions from individual retirement plans for charitable purposes

Congress enacted legislation in 2006 allowing tax-free qualified charitable distributions of up to \$100,000 from an individual retirement account ("IRA") to a church or other charity. Note the following rules and conditions:

- An IRA owner, age 70½ or over, can directly transfer, tax-free, up to \$100,000 per year to an eligible charity. This option can be used for distributions from IRAs, regardless of whether the owners itemize their deductions. Distributions from employer-sponsored retirement plans, including SIMPLE IRA plans and simplified employee pension (SEP) plans, are not eligible.
- To qualify, the funds must be transferred directly by the IRA trustee to the eligible charity. Distributed amounts may be excluded from the IRA owner's income – resulting in lower taxable income for the IRA owner. However, if the IRA owner excludes the distribution from income, no deduction, such as a charitable contribution deduction on Schedule A, may be taken for the distributed amount.
- Amounts transferred to a charity from an IRA are counted in determining whether the owner has met the IRA's required minimum distribution (RMD).

This provision expired at the end of 2014 but was made permanent for 2015 and future years by the Protecting Americans from Tax Hikes Act of 2015.