



## **Charitable Planning Opportunities with IRAs for William & Mary's Alumni and Friends**

The Protecting Americans from Tax Hikes Act of 2015 was signed into law by President Obama on December 18, 2015. It extends the Charitable IRA Rollover permanently. This provision allows donors 70 ½ years of age and older to make tax-free gifts to qualified charities from Individual Retirement Accounts (IRAs). We hope this information will be helpful in planning your gifts to William & Mary in 2017 and in future years.

**Q. How much can I contribute through my IRA?**

A. Each IRA owner age 70 ½ or older can make tax-free charitable distributions up to \$100,000. Married couples with separate IRAs can each give up to this same amount from their individual IRA accounts.

**Q. When is this special IRA provision effective?**

**Immediately. For 2017, the check's envelope must be postmarked no later than December 31, 2017.**

**Q. Do all retirement plans qualify?**

A. No, only traditional IRAs and Roth IRAs qualify (not SEPs, 401(k)s, 403(b)s or other pension plans). However, because Roth IRA distributions are generally tax-free, this special incentive has little application to Roth IRAs.

**Q. Are these gifts tax-deductible?**

A. No. However, these charitable distributions will not increase your taxable income. Therefore, they will not generate other adverse tax consequences that might otherwise apply to traditional IRA withdrawals.

**Q. Do these charitable distributions count toward the Required Minimum Distributions (RMDs) for my IRA?**

A. Yes. You may transfer your RMD amount (or any other amount up to \$100,000).

**Q. Can I make these distributions to all charitable organizations?**

A. No. This law specifically excludes gifts to donor advised funds, private foundations, and supporting organizations. All William & Mary related foundations are university organizations or publicly supported organizations and are therefore eligible charities under the law.

**Q. What steps should I follow in making these charitable distributions?**

A. You should contact your IRA administrator to inquire about any special procedures or forms they may use to process charitable IRA distributions. Most IRA administrators have an IRA charitable distribution form.

**Q. Are there any special requirements?**

A. Yes. The check should be made payable to the *College of William and Mary or the appropriate affiliated foundation*. The check cannot be made payable to you under any circumstances or you will lose the tax-free benefit under the new law. **For 2017 gifts, instruct your IRA administrator that the envelope containing your IRA charitable distribution check must be postmarked no later than December 31, 2017.**

**Q. Where does my IRA administrator send the check?**

A. The check should be sent directly from your IRA administrator to:

William & Mary  
Attn: IRA Processing  
Gift Accounting Office  
P.O. Box 1693  
Williamsburg, VA 23187-1693

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| The check should be made payable to the College of William and Mary or the appropriate affiliated foundation. |
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**Q. Are there any other steps?**

A. After you have contacted your IRA administrator, please alert Gift Accounting at William & Mary (with a note to IRA Processing at the address above, or call (757) 221-1008) that you will be sending an IRA charitable distribution check and identify how you wish your check to be allocated once it is received at William & Mary. Please note that William & Mary is generally closed between December 24<sup>th</sup> and January 1<sup>st</sup> of each year.

**Q. Can these distributions be used to fund charitable remainder trusts, gift annuities, or other charitable income plans?**

A. No. Donors cannot receive any benefit of value from the charitable organization in conjunction with these distributions.

**Q. Can these distributions be used to satisfy a previous pledge to William & Mary?**

A. Yes.

**Q. Can I qualify for benefits for my charitable distribution from my IRA?**

A. Unfortunately, no. The IRS prohibits the donor of a charitable IRA distribution from receiving any benefits from the charity as a result of the gift. A donor, however, can pay for the cost of the benefits to the charity by separate check (not as a charitable distribution from the IRA) if the donor wishes to receive such benefits. Ineligible benefits include auctions, raffle tickets, dinners or events, parking passes, premium athletic event seating, or any other type of quid-pro-quo transactions.

**Q. How can I determine if this is appropriate for me?**

A. You are encouraged to consult your professional advisor before making a decision. If you have accumulated more assets than you and your advisor believe necessary for your current and future needs, a charitable distribution from your IRA may be appropriate. Or, if your income from other sources is sufficient, you may wish to consider directing a portion of your Required Minimum Distributions (RMDs) to William & Mary.

**Q. Any other charitable planning opportunities?**

A. Some individuals may wish to consider charitable distributions from their IRAs as part of their overall estate plan to reduce estate taxes and the income taxes that must be paid when IRAs are left to family and other non-charitable beneficiaries. Again, you are encouraged to discuss your plans with your professional advisor before making a decision.

***This information is not intended as legal, financial, or other professional advice.  
Please consult your professional advisor.***