



For Immediate Release

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New Law Includes Help for Charities

Provision Permits Tax-free Qualified Charitable Distributions from IRAs

Lincoln, Nebr. – Individuals who are 70 ½ years or older may once again roll over up to \$100,000 from an individual retirement account (IRA) directly to a qualifying charity without recognizing the assets transferred to the charity as income. The provision was included in the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (H.R. 4853), which was signed into law by President Obama December 17.

The new law will simply extend the charitable rollover, originally enacted in 2006. The only change to note is that the new law allows donors to make qualified charitable distributions through January 31, 2011 and elect to have them treated as qualified charitable distributions for 2010. Recognizing that the extension of the IRA charitable rollover provision occurs so late in 2010, this change may be of particular benefit to donors who would like to take advantage of the rollover in both 2010 and 2011 but may not have time to make the 2010 distribution prior to December 31, 2010. The provision is still time-limited. It will apply only to qualified distributions made before January 1, 2012.

This extension of the IRA Charitable Rollover is a boon to local charities that are experiencing the effects of a tough economy. The new law allows taxpayers 70 ½ and older to share their wealth by giving retirement savings directly to charity—and bypassing income tax.

Many Nebraskans have taken advantage of the charitable IRA rollover provision through the Nebraska Community Foundation (NCF), according to Jeff Yost, President and CEO.

“For example, a few years ago NCF assisted Bette Rice of Palisade to use the IRA rollover opportunity to benefit her community. Her gift is now permanently endowed within the Palisade Community Foundation Fund,” Yost said. “NCF has helped people across the state give back to their communities and make gifts to their favorite charities.”

Thanks to decades of deliberate saving, some of today’s retirees have more money in their IRAs than they need for daily living expenses and long-term care. Charitable individuals and couples have expressed an interest in giving the funds to charity, but without the tax-free rollover provision, income tax had to be paid on all withdrawals. This could reduce value of the gift. Others are concerned about designating their children as IRA beneficiaries, since that may draw unintended tax consequences.

“For larger estates, a good portion of IRA wealth goes to estate taxes and income taxes of beneficiaries,” Yost said. “Experts estimate heirs may receive less than 50 percent of IRA assets that pass through estates. People can avoid this high level of taxation by making a charitable gift through a qualified charitable distribution from their IRA,” Yost said.

A provision in the new federal law extends the option of transferring IRA assets directly to charity. By going directly to a qualified public charity, such as the Nebraska Community Foundation, the money is not included in the IRA owner’s income and is not taxed.

The Nebraska Community Foundation can help donors execute the transfers and choose from several charitable fund options for their gift. Donor-advised funds do not qualify for tax-free charitable distributions from IRAs.

“This really is a limited-time offer. The window is open now, but it will close at the end of 2011,” said Yost. “For anyone interested in establishing a permanent legacy in his or her community, this is the opportunity of a lifetime to make the gift of a lifetime.”

For more information about this charitable giving opportunity, contact Jim Gustafson, Gift Planning Director at (402) 323-7341 or at jgustafson@nebcommfound.org.

The Nebraska Community Foundation is a statewide organization using grassroots charitable giving to build prosperous communities. NCF works with 1,800 volunteer leaders serving 232 communities. Established in 1993, the Nebraska Community Foundation provides training, strategic development, gift planning assistance and financial management for its 205 affiliated funds located throughout the state. In the last five years more than 37,000 contributions have been made to NCF affiliated funds, and more than \$70 million has been reinvested to benefit Nebraska communities.

For more information visit www.NebraskaHometown.org.

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