



Questions and Answers about the IRA Charitable Rollover and gifts to The Rotary Foundation

SUMMARY	In each of the years 2008 and 2009, an owner of a traditional or Roth IRA, who is 70 ½ or older, may instruct a direct distribution to The Rotary Foundation of up to \$100,000 without the distribution being included in taxable income, and the distribution will count toward the IRA owner's mandatory withdrawal amount.
What plans are covered?	Individual Retirement Accounts (IRAs), including ROTH.
What plans are not covered?	401(k), 403(b) annuities, SEP's, SIMPLE's Keoghs, defined benefit and contribution plans, profit sharing plans and others.
<i>Option</i>	If retired, the donor may roll their non-qualified plan into an IRA, and then make a qualifying gift.
How much can I transfer?	Individuals can transfer up to \$100,000 per year.
Can my spouse and I both transfer IRA assets?	Yes, if each spouse has a separate IRA, then each can contribute up to the limit each year, for a total of \$400,000 during two years.
How would this affect my mandatory withdrawals?	A qualified transfer will count toward the minimum mandatory distribution requirement.
Do I have to transfer the maximum?	No, the Foundation is pleased to accept transfers in any amount.
When is 70 ½ determined?	The donor must be 70 ½ on or before the date of the transfer.
When can transfers be made?	As soon as possible but completed before 31 December for 2008 tax-filing purposes. Anytime in 2009 for 2009 tax purposes. The Act provision relating to IRA rollovers terminates on 31 December 2009.
<i>Important note about timing</i>	Transferring IRA assets takes longer than simple stock transfers; please allow at least four weeks for the transfer .
What if I am not yet 70 ½?	Under current law, a donor would receive a contribution receipt for the full amount of any qualified charitable contribution made to the Foundation. Thus, an IRA could be used to make beneficial charitable gifts by donating part of the mandatory withdrawals or additional withdrawals requested each year.
Should I cash out my IRA and write a check to Rotary?	No. The assets must be transferred directly to the Foundation or it is recognized by the IRS as income.
<i>Resolution</i>	The donor should contact his/her IRA administrator and the Foundation to assist with the process of transferring the desired percentage or amount of the IRA.
Are there fees?	The Foundation does not charge a fee, but the IRA administrator may.

This is for general informational purposes only. Each donor must contact their own advisor to ensure compliance with legal requirements, tax reporting and to understand how charitable giving affects them.

Can I start an Annuity with the funds transferred?	No. Contributions must be outright to the Foundation without any benefit to the donor. Charitable gift annuities, charitable remainder trusts, donor advised funds and pooled income funds cannot be used.
Can I designate a fund?	If the gift otherwise qualifies for an endowment or designation, the donor may allocate it to one of the many programs offered by the Foundation, so long as there is no individual benefit. For example, Rotary Centers, Ambassadorial Scholarships and matching grants are potential options.
Can I get a Major Donor crystal?	A donor may receive a crystal, but they or someone in the Rotary family will be required to pay for it separately . The Foundation cannot use the <i>quid pro quo</i> rules and the donor cannot receive the crystal <i>gratis</i> . Unfortunately, the IRS will not allow donors to receive <u>any</u> benefit from their transferred IRA assets and receipt of the crystal is viewed as a disqualifying benefit. The contribution counts toward giving totals to the Foundation.
How will this affect my taxes?	In most states this transfer will not affect taxes; it simply allows the donor to use IRA assets to make a tax-neutral charitable gift that would otherwise not be possible until after death. In some states, however, IRA transfers are taxed at the state level regardless of federal law.
Can I gift my mandatory withdrawal amount?	A donor may reduce their income taxes by contributing the mandatory minimum distribution rather than taking the income. In this case, the gift must be made before the mandatory minimum is distributed to the donor. To take advantage of this benefit, a donor should act early rather than waiting until December.
I don't itemize, how does this affect me?	Qualified charitable distributions from IRAs will eliminate the need for donors to claim an income tax charitable deduction, meaning non-itemizers will enjoy the equivalent of a charitable deduction. In fact, some donors who were itemizing for the sole purpose of claiming deductions for charitable gifts may no longer need to do so if their fund their gifts from their IRAs.
What if I have already exceeded the limit against deducting more than 50% of my adjusted gross income?	This donor can still make additional gifts this year because the IRA distribution operates independently of the AGI limits.
How does this affect IRA beneficiary designation?	It does not affect the beneficiary designation.
How will this gift affect my estate?	The amount transferred will not be subject to income tax and will be removed from the donor's estate for estate tax and transfer purposes.
<i>Option</i>	It may be a good time for the donor to contact their IRA administrator to ensure that a valid beneficiary and secondary beneficiary designation is on file. Because IRA assets are taxed as income and in an estate transfer, they are best left to charity.

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