

PATH Act of 2015



Congress has permanently extended the opportunity for Americans to make direct transfers from their Individual Retirement Accounts (IRAs) to public charities for 2015 and beyond. While individuals may begin taking distributions from their IRAs as early as age 59½, they are required to begin taking them at age 70½. The mandatory distribution often creates a tax burden, even if the individual donates the money to charity. The IRA Charitable Rollover provision, established under the Pension Protection Act, allows those at least 70½ to donate up to \$100,000 to charitable organizations directly from their IRA, without treating the distribution as taxable income.

This has the ability to help senior citizens who have often paid off their mortgage and therefore no longer file itemized returns. The provision neutralizes negative tax consequences and encourages charitable giving during one's lifetime.

- **Eligibility Age.** Taxpayers age 70½ and older are required to make annual distributions from their IRAs which are then included in the taxpayers' adjusted gross income (AGI) and subject to taxes. The IRA Charitable Rollover permits those taxpayers to make donations directly to charitable organizations from their IRAs without counting them as part of their AGI and, consequently, without paying taxes on them. No charitable tax deduction is allowed because these IRA transfers involve assets that have never been taxed.
- **Annual Cap.** A donor's total combined charitable IRA rollover contributions cannot exceed \$100,000 in any one year.
- **Eligible Charities.** Charitable contributions from an IRA must go directly to a public charity that is not a supporting organization. Contributions to donor-advised funds and private foundations, except in narrow circumstances, do not qualify for tax-free IRA rollover contributions. Transfers to charitable gift annuities or charitable remainder trusts do not qualify either because the donor receives a benefit.
- **Eligible Retirement Accounts.** Distributions can only be made from traditional Individual Retirement Accounts or Roth IRAs. Charitable donations from 403(b) plans, 401(k) plans, pension plans, and other retirement plans are ineligible for the tax-free treatment.
- **Directly to the Charity.** Distributions must be made directly from the IRA trustee payable to the public charity.
- **No Gifts in Return.** Donors cannot receive any goods or services in return for charitable IRA rollover contributions in order to qualify for tax-free treatment. The gift cannot be used to pay memberships or to retain or obtain preferred seating for athletic events.
- **Written Receipt.** In order to benefit from the tax-free treatment, donors must obtain written substantiation of each IRA rollover contribution from each recipient charity.

To qualify for the IRA charitable rollover, the gift must come directly from the IRA administrator and should be made payable to **East Central Community College Foundation** and mailed to:



East Central Community College Foundation
P.O. Box 129
Decatur, MS 39327

Ask your IRA administrator to include your name and how you would like your gift to be used in the accompanying documentation. You may make an unrestricted gift or give to a specific department or program. If giving to a specific area, please include that information with your gift.

For more information contact Foundation Director David LeBlanc at 601-635-6327 or email at dleblanc@eccc.edu.