

YOUR GUIDE
— TO —



CHARITABLE IRA *Giving*

What you need to know and resource materials to encourage more and larger IRA gifts.

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What You Will Find in This Guide

The following strategic guide offers nonprofit development professionals some history regarding the Charitable IRA provision, along with sample language and marketing materials you can use to communicate this opportunity to your potential donors. This guide also explains why it is important to educate your donors about IRA gifts and outlines actionable tips for using the enclosed materials to reach those most likely to give.

It is a small but important piece to incorporate into your overall fundraising strategy. You can learn more about these and other gift planning vehicles by attending one of Sharpe Group's popular seminars: "An Introduction to Planned Giving," "Structuring Blended Gifts" and "Integrating Major and Planned Gifts." To register for a seminar, visit www.SHARPEnet.com/seminars.

Sharpe Group consultants have decades of experience guiding nonprofits in their gift planning development efforts. This guide represents just a portion of the Sharpe KnowledgeBase®. One of our consultants would be happy to help with your Charitable IRA fundraising or in structuring your overall planned giving efforts. Contact us at 901.680.5300 or info@SHARPEnet.com.

Your Guide to Charitable IRA Giving

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About Sharpe Group

Helping America's nonprofits achieve their missions since 1963.

Nonprofit organizations and institutions strive to make the world a better place, enriching our lives through educational, healthcare, religious, social service and cultural endeavors.

For more than 50 years Sharpe Group has led the way in helping America's nonprofits maximize their funding. Sharpe pioneered the use of the term "planned giving" in the 1960s, popularized the use of the term "gift planning" in the 1980s and first recommended the concept of "blended gifts" in the early 1990s.

The Sharpe team provides numerous resources to help clients maximize their funding efforts to ensure current and future financial stability. Services include consulting, training, donor communications, data enhancement services and more. The Sharpe team of consultants, attorneys, editors, communication specialists and others helps guide and provide Sharpe clients with resources to encourage their donors to make major current and deferred gifts they otherwise may not have thought possible.

To learn more about how the Sharpe team can augment your program, visit www.SHARPE.net.com or contact us at 901.680.5300 or info@SHARPE.net.com.

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Introduction to Qualified Charitable Donations From an IRA

What You and Donors Really Need to Know

On December 18, 2015, legislation was signed into law that retroactively extended and made permanent a number of tax incentives that had expired in 2014.

Included was the popular Charitable IRA provision allowing individuals aged 70½ and older to make direct charitable gifts from individual retirement accounts (IRAs) to qualified charities in amounts up to \$100,000 per year free from federal income taxation.

This provision applies only to traditional and Roth IRAs and not to 401(k)s, 403(b)s and other tax-favored retirement plans. Gifts must be transferred directly to a qualified charity and may not be made to donor advised funds, private foundations or supporting organizations.

In the words of the 2006 Joint Committee on Taxation Technical Explanation:

"The exclusion applies only if a charitable contribution deduction for the entire distribution otherwise would be allowable (under present law), determined without regard to the generally applicable percentage limitations. Thus, for example, if the deductible amount is reduced because of a benefit received in exchange, or if a deduction is not allowable because the donor did not obtain sufficient substantiation, the exclusion is not available with respect to any part of the IRA distribution."

This language makes it clear that the provision applies only to outright gifts. Currently, qualifying IRA gifts may not be used to fund gift annuities, pooled income funds, charitable remainder trusts and other life income plans that provide benefits to the donor.

Note that donor advised funds (as defined in IRC Section 4966(d)(2)) and "supporting organizations" (described in IRC Section 509(a)(3)) are explicitly excluded. Nor does the provision apply to distributions from employer-sponsored plans such as 401(k) or 403(b) plans, or SIMPLE IRAs and simplified employment pensions (SEPs).