



OSU FOUNDATION

# OFFICE OF GIFT PLANNING

Owners of traditional or Roth individual retirement plans may again distribute up to \$100,000 tax-free directly to Oklahoma State University Foundation.

## IRA OVERVIEW

The Protecting Americans From Tax Hikes Act of 2015 restores the IRA Charitable Rollover and makes it permanent. The act is retroactive to January 1, 2015, and was amended in part by the SECURE Act effective January 1, 2020.

“**Qualified charitable distribution**” refers to and describes an IRA charitable rollover. All gifts must be transferred directly from the IRA to OSU Foundation. Distributions from employer-sponsored retirement plans, including SIMPLE IRAS, 401(k) plans and employee pension plans are not eligible. These gifts can be used to support your favorite college, department or program, but cannot be used to support donor-advised funds or establish a charitable remainder trust or charitable gift annuity.

## WHO QUALIFIES

You are 70-1/2 at the time of the gift. Your IRA gifts total up to \$100,000 for the year. The gift must roll directly from your IRA.

## BENEFITS

The gift generates neither taxable income nor a tax deduction on the federal income tax return, so you receive the benefit even if you don't itemize on your tax returns. The rollover to OSUF may be in addition to or fulfill any charitable giving pledges you have already planned. These gifts can be used to support your favorite college, department or program. You can witness the good that comes of your generosity.

## FREQUENTLY ASKED QUESTIONS

*Glossary of acronyms that may be used when discussing IRA Rollover Gifts:*

*QCD = Qualified Charitable Distribution*

*RMD = Required Minimum Distribution*

*AGI = Adjusted Gross Income*

### **What is a Charitable IRA Rollover?**

It's a way for an individual to make a charitable gift from an IRA by assigning IRA distributions to a charity.

### **What is a Qualified Charitable Distribution (QCD)?**

It's the technical term for a Charitable IRA Rollover. Any distribution from a traditional or Roth IRA made directly by the IRA administrator to the Oklahoma State University Foundation (or any charitable organization) that would have been taxable if distributed to the plan participant.

### **Does anyone who wants to make a charitable distribution from their IRA qualify for a QCD?**

No. You must have reached age 70-1/2 by the date of the contribution. It is important to distinguish this rule from the rule that requires plan participants to begin receiving the Required Minimum Distributions (RMD) in the same year they attain age 72.

### **Are there limitations on the amount?**

Yes. The amount that can be excluded from a plan owner's income is limited to \$100,000 per taxpayer per year. Therefore, a married couple could donate up to \$200,000 provided each spouse owns at least one IRA and can each make a qualified charitable distribution of \$100,000 from their plans.

**Can I designate this IRA distribution to a specific program(s) or scholarship(s)?**

Yes, in most cases. However, you may not receive any quid pro quo benefits in exchange for your contribution. Therefore funds that provide recognition benefits, or other tangible benefits, such as Posse Points, are excluded.

**Who is the donor - me (the plan participant) or the plan?**

You, the individual/plan participant, are the donor of the QCD.

**Do I receive a tax deduction for a charitable distribution from my IRA?**

No. You do not receive a tax deduction for the charitable distribution, but the charitable distribution is not counted as part of your taxable income, either.

**So what are the advantages of making a charitable distribution from my IRA?**

Advantages will vary based on individual circumstances. As always, we recommend that you consult your professional tax advisor. Non-itemizers can keep the standard deduction and make a tax-free charitable gift. Also, donors may make charitable contributions beyond the 30% or 50% AGI limit without any added tax consequences. Donors who need to manage the size of their Required Minimum Distributions can control the amount of income they take by diverting excess to charity. Donors also avoid recognizing the distribution as income and the associated "bump" into higher tax brackets that might bring a phase-out of other deductions or application of the Alternative Minimum Tax.

**Are other retirement plans eligible for Qualified Charitable Distributions?**

No. The exclusion applies to traditional or Roth IRAs only. Other types of retirement plans such as 401(k), 403(b) annuities, defined benefit and contribution plans, profit sharing plans, Keoghs and employer-sponsored SEPs and SIMPLE plans are NOT eligible. However, some of the non-eligible plans may afford the opportunity for rollover into an IRA, which would then be eligible for a QCD. You should visit with your plan administrator to explore this option.

**Can the Qualified Charitable Distribution check be made payable to the individual/plan participant, who then endorses the check to the Oklahoma State University Foundation?**

No. In order to qualify for the exclusion, the check must be payable directly to the Oklahoma State University Foundation.

**Can I direct this IRA distribution to a donor advised fund?**

No.

**Can I direct this IRA distribution to a charitable gift annuity or a charitable remainder trust?**

No. Currently, QCDs may not be used for income-producing gifts.

**Can I designate this IRA distribution to pay on an existing pledge commitment?**

Yes. The OSU Foundation will follow the same approach as used for the payment of an existing pledge through a donor-advised fund. We will record the charitable distribution from the IRA as an outright gift and write-off the corresponding donor pledge.

**Will I receive a receipt for the gift?**

Yes. The OSU Foundation will provide written acknowledgement to the donor shortly after the gift is received.

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Learn more at [OSUgiving.com/EstatePlanning](https://OSUgiving.com/EstatePlanning)

Connect with us:     

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*uniting donor and university passions and priorities to achieve excellence*