

## Making a Charitable Gift through an IRA Charitable Rollover

Normally, if you take a distribution from your IRA, this money is taxed as ordinary income. However, federal tax legislation enacted in October 2008 permits you for the remainder of 2009, if you are 70½ or older, to make a direct gift from your IRA to the Church through your parish, the Catholic Services Appeal, the Archdiocese of Detroit Endowment Foundation, Sacred Heart Major Seminary, an archdiocesan institution or other qualified charity without the distribution taxed as income to you.

In December 2008, Congress, in response to declining values in retirement investment accounts, suspended the rules requiring minimum distributions from retirement plans for 2009. This takes away some of the stimulus for making distributions from IRAs directly to charity. However, the IRA charitable rollover law may still provide a very good giving vehicle if you are age 70 ½ and take the standard deduction rather than itemize deductions on your tax return. There could be other tax benefits as well, so your IRA could be considered a special fund for distributions to the Church and charities without the normal consequences of reporting additional taxable income.

The distribution must be from your IRA, not a 401(k) or other retirement plan. However, consult with your financial or tax advisor about the possibility of transferring funds from one of these other plans to establish an IRA, with the distribution to charity coming from the newly established IRA.

The IRA distribution must be a direct charitable gift and not a distribution to a donor-advised fund, a charitable remainder trust or for a charitable gift annuity.

To take advantage of the IRA charitable rollover to support the Church, please review the following helpful tips on how to handle your charitable gift correctly:

- Contact your IRA custodian or representative *before* making a gift to arrange for the proper transfer of funds from your IRA directly to the qualified charity. The check issued from the IRA must be made payable to the charity.
- If you have elected to have income tax withheld from your normal IRA distributions, advise your IRA administrator not to withhold taxes from distributions to charity.
- While this topic is fresh on your mind, ask your attorney and financial advisor how to make the Church a beneficiary of your will or trust or IRA.

For more information about how you and the Church can benefit from an IRA charitable rollover, contact the parish office or the Archdiocese Office of Planned Giving at 313.883.8771.

*These helpful tips are only for your information on this change in the IRA law and are not to be considered as legal, tax or financial advice. You should consult with your legal, tax and financial advisors to implement the benefits of the IRA charitable rollover law and related matters.*