

# THE IRA ROLLOVER GIFT OPTION

As part of the *PATH Act of 2015* some individuals can make a tax-free distribution from an IRA to Indian Hill Music. After years of being renewed on an annual basis, the provision has been extended permanently as of December 2015.

## For IRA withdrawals to qualify as a tax-free "rollover" to Indian Hill, the following must apply:

- Distributions must be made from a traditional IRA or a Roth IRA by an individual at least 70½ years old.
- The maximum amount eligible is \$100,000 per person (\$200,000 for a couple) in each taxable year (any gift counts toward your mandatory withdrawal amount).
- Transfer of funds must be made directly to Indian Hill by the IRA trustee/administrator.
- The IRA funds cannot be used to establish a split interest or "planned" gift, such as a charitable gift annuity or charitable remainder trust.

## An IRA gift may be particularly attractive if:

- You are unable to claim additional charitable deductions because of various IRS income limitations (since these gifts are not subject to such limitations).
- You do not itemize your deductions (you will enjoy the equivalent of a charitable deduction by making this tax-free rollover gift).
- Your income level causes the phase-out of exemptions and deductions (since the IRA gift transfer will not add to your taxable income).
- You reside in Massachusetts, which does not allow state charitable income tax deductions. You will benefit from the IRA rollover by reducing your state taxable income and reducing your state taxes.

## Process for making a qualified charitable distribution:

- Ask your IRA trustee/administrator to make a gift directly to Indian Hill.
- You inform Indian Hill of your intention to make the gift.
- IRA trustee/administrator authorizes and sends the gift directly to Indian Hill Music.
- Indian Hill acknowledges receipt of gift to trustee/administrator, and separately to you.

*This information is general in nature and is provided with the understanding that Indian Hill is not engaged in rendering legal, accounting, tax or other professional advice. Before making any decision or taking any action, you should consult your own legal, accounting, tax or other professional advisor.*