

Emergency Economic Stabilization Act of 2008 extends IRA charitable rollover provision through December 31, 2009

The Emergency Economic Stabilization Act of 2008 has extended the IRA Charitable Rollover until December 31, 2009. This provision, first included in the Pension Protection Act of 2006, allows individuals who are at least 70-1/2 to make a tax-free distribution of up to \$100,000 per year from an IRA to the University. Prior to this law, IRA gifts to charity were treated as taxable income and then offset with a charitable deduction. Now, for a limited time, distributions from an IRA made directly to charity will be excluded from income altogether. This provides a meaningful opportunity for:

- Individuals who must take minimum IRA distributions but do not need the additional income— taking advantage of the new law could reduce taxable income for the year*
- Anyone who has designated the University as beneficiary of an IRA or considered using IRA assets to make a gift to the University
- Individuals who wish to make charitable gifts in excess of 50% of their AGI
- Non-itemizers
- Individuals who live in states that do not allow charitable deductions

Before proceeding with this type of gift, please consider the following restrictions:

- Distributions must be made as outright gifts. Distributions cannot be used to fund gift annuities or charitable remainder unitrusts
- Distributions can only be made from traditional IRAs and Roth IRAs (not other forms of retirement plans such as 401(k), 403(b), etc.)
- Distributions cannot be made to donor advised funds and supporting organizations, including most private foundations

Please also note that the gift must be made directly from the IRA to the University. The IRA custodian **cannot** make a check payable to the donor, who then provides a personal check to the University. It is important for the donor to instruct the IRA custodian to identify the donor's name on the check/transmittal, and it is extremely important for donors to coordinate the transfer with their IRA custodian and the University to ensure that the distribution will qualify as a tax-free charitable rollover.

To find out more about the tax benefits of the new law or to coordinate an IRA charitable distribution to the University, please consult your tax adviser or the Office of Gift Planning at (866) 241-9802 or giftplan@uchicago.edu.

* Note that the Worker, Retiree, and Employer Recovery Act of 2008 waives any required minimum distributions for 2009 from retirement plans, including IRAs. This means that most participants and beneficiaries otherwise required to take minimum distributions from these types of accounts are not required to withdraw any amount in 2009.