

Frequently Asked Questions

What is the IRA charitable rollover?

Due to legislation enacted in 2015, a popular tax law provision known as the IRA Charitable Rollover has been made permanent. The IRA charitable rollover, or qualified charitable distribution (QCD), is a special provision allowing certain donors to exclude from taxable income -- and count toward their required minimum distribution -- certain transfers of Individual Retirement Account (IRA) assets that are made directly to public charities, including Naples Botanical Garden.

How does this help me?

A charitable IRA rollover makes it easier to use IRA assets, during your lifetime, to make charitable gifts.

Why will lifetime IRA gifts be easier?

Without the charitable IRA rollover, withdrawals from traditional IRAs and certain Roth IRAs are taxed as income, even if they are immediately directed to a charity. The donor receives a tax deduction for his or her donation, but various other federal, and sometimes state, tax rules can prevent the deduction from fully offsetting this taxable income. As a result, many donors have chosen not to use IRA assets for lifetime gifts. The charitable IRA rollover eliminates this problem.

What gifts qualify for a 2016 charitable IRA rollover?

A gift that qualifies, technically termed a "qualified charitable distribution," must be:

- Made by a donor age 70 1/2 or older
- Transferred from a traditional or Roth IRA directly to the Garden.
- No more than \$100,000 without incurring income tax on the distribution.
- Completed in same calendar year to count for that tax year.
- ***Cannot be used for gifts that are only partially deductible (such as event tickets for example)***

Is there a limit on the amount that can be given?

Yes, there is a limit. An individual taxpayer's total charitable IRA rollover gifts cannot exceed \$100,000 per tax year.

What about the required minimum distribution?

If you have not already taken your required minimum distribution in a given year, a qualifying rollover gift can count toward satisfying this requirement.

Is an income tax deduction also available?

No. The gift would be excluded from income, so providing a deduction in addition to that exclusion would create an inappropriate double tax benefit.

Why are Roth IRAs included? Aren't withdrawals from a Roth IRA tax-free?

Withdrawals from a Roth IRA may be tax-free only if the account has been open for longer than five years or if certain other conditions apply. Otherwise, withdrawals are taxed as if they came from a traditional IRA. Therefore, certain Roth IRAs could benefit from a charitable IRA rollover.

Can other retirement plans, such as 401(k) and 403(b) accounts, be used?

No. However, it may be possible to make a tax-free transfer from such other accounts to an IRA, from which a charitable rollover can then be made.

Can a gift be made to any charity?

No. Excluded are:

- Donor-advised funds
- Supporting organizations
- Private foundations

Who can benefit from using the charitable IRA rollover to make a gift?

- Persons with significant assets in an IRA
- Persons making gifts that are large, relative to their income. (Because a charitable rollover is not included in taxable income, it does not count against the usual percentage limitations on using charitable deductions.)
- Persons having so few deductions that they choose not to itemize
- Persons looking for a way to minimize impact of Required Minimum Distribution (RMD) income

Can a rollover gift be used to fund a charitable remainder trust or charitable gift annuity?

No. The donor can receive no benefits in return for the gift. This includes life income plan payments.

What if a withdrawal does not meet the requirements of a charitable IRA rollover?

It simply will be included in taxable income as other IRA withdrawals currently are.

Is the charitable IRA rollover right for everyone?

While this is a great option, other types of gifts may provide donors with more tax benefits, such as highly appreciated stock for example. As with any gift planning question, donors should consult their tax professionals for specific advice.

If I made a charitable IRA rollover gift in other tax years, can I do this again for the current tax year?

Yes. Even if you and your spouse both made the maximum \$100,000 charitable IRA rollover gift to a qualifying charity during one or more previous years, you can still take advantage of this legislation again for the next tax year, or any year afterwards.

What about future years?

The IRA charitable rollover has been permanently extended and has no expiration date.

Can I still make a future planned gift by naming the Garden as a beneficiary on my IRA?

Yes - whether or not you choose to make a charitable IRA rollover gift, you can still designate the Garden as a beneficiary to receive IRA assets after your lifetime. See [here](#) for specific information.

If you have already included the Garden in your estate plans, please let us know so we can thank you and inform you of upcoming Perennial Legacy Society events. Perennials are invited to fun events throughout the year, ranging from exclusive behind-the-scenes lectures to enjoyable cocktail events.



If you have any further questions, please call the Development staff at (239) 643-7275 or see our [web site](#).