

The logo for the Evanston Township High School Educational Foundation. It features the text "EVANSTON TOWNSHIP HIGH SCHOOL" in orange, uppercase letters at the top. Below it, the words "Educational Foundation" are written in a larger, dark blue, serif font. A sunburst graphic is positioned behind the text, with rays extending upwards and outwards.

# EVANSTON TOWNSHIP HIGH SCHOOL Educational Foundation

## *Use Your Traditional IRA to Make Your Charitable Gifts in 2016*

In 2006 Congress made a change to the tax law that allows individuals age 70½+ to make charitable gifts directly from a traditional IRA account to charity without incurring federal income tax on the withdrawal. Many people have not heard about this option for making charitable gifts because it would expire every two years and need to be renewed by Congress.

H.R. 2029, the Protecting Americans from Tax Hikes Act of 2015, changed all that, making this provision a permanent, rather than temporary, part of the tax code. The IRA Charitable Rollover provides you with an excellent opportunity to make gifts during your lifetime from an asset that would be subject to multiple levels of taxation if it remained in your taxable estate.

### To qualify

- You must be age 70½ or older at the time of gift.
- Transfers must be made directly from a traditional IRA account by your IRA administrator to the
- ETHS Educational Foundation. Funds that are withdrawn by you and then contributed do NOT qualify. Gifts from 401k, 403b, SEP and other plans do not qualify.
- Gifts must be outright. Distributions to donor-advised funds or life-income arrangements such as charitable remainder trusts and charitable gift annuities are not allowed.

### Benefits — qualified charitable distributions

- Can total up to \$100,000.
- Are not included in your gross income for federal income tax purposes on your IRS Form 1040 (no charitable deduction is available, however).
- Count towards your minimum required distribution for the year from your IRA.

### Example

Suppose John has \$500,000 in an IRA and he also wants to contribute \$20,000 to ETHS. He can authorize the administrator of his IRA to transfer \$20,000 to the ETHS Educational Foundation and \$5,000 to himself. The \$20,000 distributed to the ETHS Educational Foundation will not be subject to federal tax and will be counted toward his annual minimum required distribution.

As you plan your minimum required distributions for this year, if you do not need the money the government is requiring you to take, consider using it for a charitable gift using the IRA Charitable Rollover.

For more information about making an Charitable IRA Rollover contribution to the ETHS Educational Foundation contact **Fran Caan, Executive Director at 847-424-7157 or [caanfs@eths.k12.il.us](mailto:caanfs@eths.k12.il.us)**