

CHARITABLE IRA DISTRIBUTIONS FOR 2011

Last December, President Obama signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. This legislation extended the 2006 tax through the end of 2011. This law allows you to make contributions **directly from your IRA** to UB (or other charities) without the distributions being included in taxable income, and therefore, without withholding being deducted.

Previously, donors who made withdrawals from IRAs for charitable gifts were taxed on their withdrawals. But until December 31, 2011, you can make a tax-free gift by instructing the trustee of your IRA that you want the transfer to be made directly to UB. Another benefit is that the funds transferred from your IRA to UB (or other charities) count towards your mandatory withdrawal.

Making a charitable distribution from an IRA as opposed to using other assets can be especially appropriate for you if:

- You do not itemize deductions;
- You are already at the deduction limit for the year;
- You may lose some of your itemized deductions because of your income level, or
- You are required to take distributions from your IRA but you do not need them for living expenses.

*NOTE: This document is for **information purposes only** and should not be construed or understood as legal, tax, or financial advice. Please consult your tax or legal advisor for more information.*

Example of 2011 Charitable IRA Distribution

Suppose Linda has \$700,000 in an IRA. She is required to withdraw approximately \$35,000 this year.

Linda decides to contribute \$10,000 to the University of Bridgeport.

All Linda needs to do is to authorize the trustee of her IRA to transfer \$10,000 to the University and \$25,000 to herself. The \$10,000 Linda donates to UB will not be subject to income tax.

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Limitations on Charitable IRA Distributions for 2011

Certain limitations apply to these non-taxable charitable distributions made from an IRA:

- Distributions cannot exceed \$100,000 per calendar year;
- You must be 70 ½ years old at the time of the gift;
- Distributions must be made to a public charity, such as a 501 (c) (3) nonprofit—like the University of Bridgeport. The charity may not be a private foundation. Distributions cannot be to a supporting organization or a donor-advised fund;
- All gifts must be outright. Gifts cannot be used to establish a gift annuity or to fund a charitable remainder trust;
- Donations via distributions can be made only until December 31, 2011.

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CAUTIONS: 2011 IRA Charitable Distributions

IRA Charitable Distributions are not for everyone. Please contact your financial advisor to see if this option is advantageous to you. Everyone's financial situation is unique and personal.

The rules governing these kinds of gifts are very clear: the donor cannot simply withdraw the funds and make the donation. **The transfer must be made directly from the IRA to the charitable institution.** If you make the distribution yourself, you are responsible for paying income tax.

PLEASE: Let us know if you are going to make an IRA distribution to the University of Bridgeport. We want to be able to say "thank you" right away, and this notification will help us know what to look for, so that we can identify your donation when it arrives. We will be responsible for issuing you a required receipt, and we will want to be sure to assign the funds for the purpose you intend. Just give Meems Ellenberg a call at 203-576-4542. Even better: drop a note to mellenbe@bridgeport.edu, or to Meems at the Division of University Relations, 219 Park Avenue, Bridgeport, CT 06604.

All gifts must be completed by December 31, 2011. You must have a written receipt before you file your taxes.

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Sample letters for 2011 IRA Charitable Distributions

The University of Bridgeport Division of University Relations wants to make sure that your IRA charitable distribution for 2011 goes smoothly. The best way to make this happen is with clear and concise communication between you: the donor, your financial advisor, and us.

Here are some sample documents that may help:

- [Sample request from the donor to the IRA trustee:](#) this is the template for an e-mail/letter you would send to your IRA manager requesting a Qualified Charitable Distribution from an IRA;
- [Sample e-mail/letter from donor informing the University of Bridgeport](#) that a distribution from your IRA is on its way to us.

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Sample request from an IRA owner (donor) to the IRA trustee requesting a Charitable Distribution

(date)

Dear (trustee):

Please make a direct charitable distribution from my Individual Retirement Account, number (# of account) as provided by the Sec. 1201 of the Pension Protection Act of 2006 and Sec. 408(d)(8) of the Internal Revenue Code, as amended.

Please issue a check in the amount of \$_____ payable to the organization listed below:

University of Bridgeport
Division of University Relations
219 Park Avenue, Cortright Hall
Bridgeport, CT 06604

Please be sure to include my name and address as the donor of record in connection with this transfer. I further request that you copy me on your transmittal.

It is my intention to have this transfer qualify for exclusion during the 2011 tax year. Therefore, it is imperative that this distribution be postmarked no later than December 31, 2011.

If you have any questions, please contact me directly. The best number to reach me is (area code + number).

Thank you for your assistance.

Sincerely yours,

Your Name

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**Sample letter from IRA Donor informing UB of a forthcoming
Qualified Charitable Distribution from an IRA:**

(date)

TO: mellenbe@bridgeport.edu

OR

Mrs. Meems Ellenberg
Director for Annual and Planned Giving
University of Bridgeport
Division of University Relations
219 Park Avenue, Cortright Hall
Bridgeport, CT 06604

Dear Mrs. Ellenberg:

I am writing to inform you that I have requested a qualified charitable distribution from my Individual Retirement Account payable to the University of Bridgeport in the amount of \$_____ from my plan trustee/administrator, (insert name of trustee/administrator).

It is my intent to comply with the requirements of Sec. 1201 of the Pension Protection Act of 2006 and Sec. 408 (d)(8) of the Internal Revenue Code of 1986, as amended, in connection with this gift.

Accordingly, upon your receipt of payment from my trustee/administrator, please send written acknowledgement stating: a.) the amount of my gift; b.) that my gift will not be placed in a donor-advised fund or supporting organization; c.) that no goods or services were transferred to me by the University of Bridgeport in consideration of this gift.

If you have any questions or need to contact me, I can be reached (list best means of contact: telephone, e-mail, etc.).

Sincerely yours,
Your name

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