

## Charitable Opportunity under the Tax Act of 2010

If you have reached the age of 70 ½ on or before the date of transfer from your IRA-holder, you may be able to exclude from income, and distribute tax-free, up to \$100,000 from your IRA or Roth IRA, for “qualified charitable distributions”(QCD) made during 2011.

A QCD is any distribution from a traditional IRA or Roth IRA made directly by the IRA administrator to an organization described in section 170 (b)(1)(A) that would have been taxable if distributed to the plan participant. This includes the University of Hartford and other 501(c)(3) organizations, but specifically excludes distributions to private foundations, donor advised funds and supporting organizations.

**IMPORTANT: QCD’s completed before the end of January 2011, with a direct transfer from an IRA to a charitable organization, may be counted toward the donor’s Minimum Required Distribution amount, retroactively on their 2010 federal income tax return. Please check with your financial advisor or IRA fund manager to determine your own eligibility and feasibility under the new tax law.**

**Subsequent QCD’s made before December 31, 2011 may also be able to exclude from income, and distribute tax-free, up to \$100,000 from your IRA or Roth IRA.**

Those who will benefit most from the IRA Rollover are non-itemizers, “maxed-out” deduction donors, and “tax-friction” donors:

- Non-itemizers can enjoy the equivalent of a charitable income tax deduction, because they will not be including the QCD in their income.
- Donors who have “maxed out” their income tax deductions due to the 50% Adjusted Gross Income limitation, will see an advantage to being able to make gifts that operate independently from other gifts with AGI limitations.
- Under the old rules, donors making their gifts from IRAs would have to take the distribution into their taxable income and then claim an offsetting charitable income tax deduction. The end result of that technique was not usually an even trade-off for the donor.

When deciding to make a charitable gift, higher income earners often have to cope with the impact of receiving additional income on the taxability of their Social Security payments, the deductibility of their medical expenses, miscellaneous itemized deductions (subject to the two percent of AGI limitation), the phase-out of itemized deductions and child tax credit, and application of the alternative minimum tax. A QCD from an IRA can eliminate this “friction” and the need to perform trial income tax calculations to analyze the net income tax effect.

**Please take advantage of this window of opportunity while it is still available to you. Here’s a checklist to help you do it right:**

- Check with your tax advisor to determine an appropriate amount to transfer.**
- Let the [University of Hartford’s Director of Planned Giving](#) know that we should be expecting a transfer from your IRA administrator.**
- Work with your IRA administrator to facilitate and expedite your QCD directly to the University of Hartford.**