



Tool Box

Tool Box is a quick-read strategic resource of Triangle2 Resource Development Group. Find more fund development resources at www.donorbydesign.com.

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Unexpected Opportunities in a Turbulent Economy

When the President signed the Emergency Economic Stimulus Package on October 3, 2008, there was a gift for charities included in the bill: **the extension of the IRA rollover provision that expired at the end of 2007.**

Many charities, including YMCAs, received millions of dollars in gifts from the first two years of the law. Research by the National Committee on Planned Giving found that over 50% of these rollover gifts were over \$50,000.

Even in today's volatile stock market, there are individuals who have not used or are not dependent on their IRAs for income.

Many of your older donors have IRAs or Roth retirement accounts that contain significant assets. Even in today's volatile stock market there are individuals who have not used or are not dependent on these IRAs for income.

Ordinarily a withdrawal from someone's IRA would trigger taxes; this provision allows the gift of a rollover to a charity with no taxes. **By giving part of the donor's mandatory withdrawal from their IRA to charity, they avoid reporting this amount as income, do not pay taxes on it, and may bypass additional tax on their social security benefit.**

Charities need to inform themselves, their staff, boards and volunteers about this great opportunity for their elderly donors in this position.

Who Qualifies?

- Donors must be at least 70 ½ years old and have a traditional IRA or Roth IRA.
- Donors can roll over up to \$100,000 directly from their IRA to the charity with no tax implications.

Who Might Benefit?

- Donors who wait till the end of the year to take their IRA withdrawals might consider making a gift from their IRA to decrease their tax penalty.
- Generous donors who have maximized their giving deductions might use this new provision, as this allows them to give above their adjusted gross income.
- Major donors may find it more of a tax advantage to give from their IRA.
- With the IRA rollover going directly to charity, some recipients will see substantial Social Security tax savings.
- Elderly donors with no mortgage may not have enough deductions to itemize. If they withdraw from the IRA it increases taxable income, but the IRA rollover to charity avoids this tax penalty.

How Can You Promote Rollover Giving?

Your first step is to increase awareness of staff, board and volunteers of this new gift opportunity and its associated rules. Along

with educating yourself, you can educate your members and donors via:

- Newsletter articles.
- Direct mail letter with return card to indicate interest.
- Brochure or handout for distribution to prospects.
- Educational sessions from professional advisors about this gift method.

In the middle of these turbulent economic times, it's reassuring to know that opportunities for additional year-end gifts, paying off pledges early, increasing pledges and gifts for special projects are possible. This benefit is available for 2008 and 2009. This rollover provision is a huge victory for the nation's non-profit organizations and for their donors.

Your first step is to increase your awareness of this new gift opportunity.

Questions about this topic or other planned giving issues? Contact
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Click [here](#) to learn more about T2's suite of planned giving resources.