

Thursday, December 18

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Greetings!

We received this information this morning from SEI, the investment company for New Covenant Funds. It has to do with the tax status of contributions to qualified charitable organizations from retirement accounts. It applies only to the 2014 tax year, and contributions must be made before December 31. Better at the 11th hour than not at all. ...

Yesterday Congress passed H.R. 5771, the "Tax Increase Protection Act of 2014," which includes the retroactive extension of a variety of expired tax provisions. This was a more narrow bill than the one that was rejected last week. The act that passed yesterday is expected to be signed by the President and enacted into law (White House administration has said President will sign).

Main impact/benefit to the Foundation and other qualified charitable organizations of this legislation is that Qualified Charitable Distributions were extended for 2014. QCDs allow individuals age 70½ and older to make direct transfers from traditional and Roth IRAs to qualified charities in amounts up to \$100,000 free from federal taxation and income taxes under the laws of states that follow federal guidelines for determination of Adjusted Gross Income (AGI). These distributions can qualify as the individual's Required Minimum Distribution for the year. This is for 2014 only and ALL GIFTS MUST BE COMPLETED BY DECEMBER 31, 2014. This is a departure from previous extensions when gifts made early in the following year could count toward the prior year's distribution. That leaves less than two weeks to make distributions so time is of the essence!

This provision applies only to IRAs and not to 401(k)s, 403(b)s and other similar qualified retirement plans. Gifts must be made directly to a qualified charity and may not be made to donor advised funds, private foundations or supporting organizations. Generally speaking, eligible recipients will be public charities described in IRC Sec. 170(b)(1)(A).

Great news for charities and individuals everywhere! Hopefully, next year Washington can make this permanent so people will be able to effectively plan their gifting strategy in a timely manner.