



Farmington
Village Green
and Library
Association

***FVGLA E-News** – designed to help you in your planning and discussions with others about our mission.*

January 2011

Good News for Donors: IRA Charitable Rollover Extended for 2010 and 2011

Among the multitude of items included in the Tax Relief Act, signed into law on December 17, was an extension of the Charitable IRA Rollover provision through the end of 2011.

The IRA Charitable Rollover expired at the end of 2009. This extension also is retroactive, meaning that the tax benefits of the provision apply to any qualified donations made after Dec. 31, 2009.

This tax provision is a wonderful opportunity for donors to make gifts to their favorite charities through their IRAs. There are several important points that donors interested in this provision must be aware of:

- Individuals age 70 ½ and older may once again request direct transfers of funds from Individual Retirement Accounts (IRAs) to qualified public charities without income tax on gifted funds.
- Funds must be directly transferred from IRA accounts to the charities (ask your IRA custodian for the form needed).
- Individuals are entitled to make a total of \$100,000 in gifts to charities each year under this provision.
- 2010 IRA rollover gifts can be made through Jan. 31, 2011, to deem that those donations were made on Dec. 31, 2010, for tax filing purposes.
- For those individuals who have not yet taken their Required Minimum Distributions (RMDs) for 2010, they may partially or wholly satisfy that requirement through a rollover gift made by January 31, 2011.
- These contributions do not qualify donors for an additional charitable income tax deduction as not being taxed on the withdrawal is worth even more than a standard charitable deduction.
- Only standard IRAs and Roth IRA accounts qualify under this law. Other accounts, (401(k), 403(b), SEP, KEOGH, and SIMPLE IRA plans, cannot be used to make an IRA rollover gift.
- Donors of IRA rollover gifts must receive no personal benefits from this gift nor are they available for planned gifts such as charitable remainder trusts or gift annuities.

The provision is a significant opportunity for donors who:

- hold assets in their IRAs that they do not need
- would like to make a large one-time gift
- are subject to the 2% rule that reduces itemized deductions
- do not itemize, or
- plan to leave part or all of their IRA to a charity, such as one of the FVGLA entities, at death.

This message is one of a series intended to be a resource in your planning. The publisher is not engaged in rendering legal or tax advice. For advice in your specific case, contact your attorney or financial planning professional.

The Farmington Village Green and Library Association, established in 1901, helps to preserve the quality of life and cultural history of Farmington through an endowment that supports the Farmington and Barney Libraries, Stanley-Whitman House, the Village Green and Memento Mori Cemetery.

You may direct a charitable gift to benefit one of these, or restrict it to the FVGLA endowment which allows its board of trustees to use your gift where there is the greatest need in any particular year. Contact us for more information, or visit us

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