

**What to Do
A Person Wants to Make a Charitable IRA Distribution in 2015**

Unless the law is extended, in 2015 a distribution cannot qualify as a charitable IRA distribution. IRA accountholders should be informed of this fact. The laws authorizing a charitable IRA distribution expire on 12/31/14, a person age 70½ or older will be able to direct his or her IRA custodian to withdraw an amount of up to \$100,000 from his or her IRA and have such proceeds sent directly to a qualifying charitable organization. The distribution is tax-free if certain rules were met.

What makes this so attractive?

The majority of tax filers over age 70½ use the standard deduction when filing their taxes, making them unable to claim a deduction for their charitable contributions. Individuals were allowed to withdraw funds from their IRA and contribute them to the eligible charity of their choice. These contributions were then excluded from their income. This exclusion, in effect, was the equivalent of claiming a tax deduction. Need-less to say, this provision was also a great benefit for many charities. Since the maximum contribution/deduction amount was \$100,000, this benefit was substantial. These contributions were also considered part of the taxpayer's required minimum distribution for the year — another benefit.

What's the outlook for 2015?

It is uncertain that there will be new legislation authorizing charitable IRA distributions for 2015. Tax revenues are needed and this provision reduces revenues.

Congress is considering legislation to extend for two more years or make this law change permanent. The charitable industry has a strong lobby.

Congressman Schock of Illinois introduced in February H.R. 637 which uses the title, "Permanent IRA Charitable Contributions Act of 2015." Mr. Schock has since resigned his seat. H.R. 637 has been discharged from the Budget Committee and is now in the Committee of the Whole House. This bill, if enacted, would make permanent the rule allowing for tax-free distributions from IRAs for charitable purposes. Code section 408(d)(8) would be amended by deleting the subparagraph (F) which currently states this paragraph does not apply to distributions occurring after December 31, 2014.

The most conservative approach is for a person to wait until a new tax law is enacted authorizing such distributions again. For those individuals over age 70½ and who are willing to assume the risk of a new law being enacted, they could instruct their IRA custodian to send their distribution amount directly to a qualifying charitable organization. The payee of the check must be the charitable organization. If the law would be enacted on a retroactive basis (i.e. for tax year 2015), then it would qualify as a qualified charitable IRA distribution. These individuals must act on the advice of their tax advisers.