

Larry Roberts '68: Utilizing the IRA Rollover to Increase Support



“Coming from a small middle class high school, Trinity was quite an eye-opener. Everything about it was different,” recalls **Larry Roberts '68**. These differences were exciting but intimidating. “Trinity provided structure, support and inspiration and over time I realized that I could hold my own, even excel in all aspects of college life – social, academic, athletics.” Inspired by such notable

professors as Dr. Mauch, Dr. Bankwitz and Coach Dan Jessee, Roberts' knowledge and confidence grew, as did the intimacy he shared with his classmates. “I made true friendships, many of which continue to this day.”

A consistent donor to the Trinity Fund, he wanted to do more for his 50th Reunion. Roberts made use of the IRA Rollover provisions to increase his support. “Allotting part of my Required Minimal Distribution from my IRA was a painless way to make a substantial gift to Trinity, not only for this year but for years to come. My gift, along with the very generous gifts of my classmates, is our collective and demonstrable way of saying thank you to Trinity for all that it has done for us over the

years, and will ensure that future generations of Trinity students will have an equally wonderful Trinity experience.”

If you are 70 1/2 or older, you can transfer a gift directly from your IRA. The transfer may be earmarked toward any specific purpose or to the Trinity Fund, which supports the highest priorities of the College. “Trinity needs all of us to maintain the high quality of education that it provides,” notes Roberts. “The College provided us with a bedrock experience that has enabled us to build creative, meaningful, productive and significant lives for ourselves and for our families. Our giving to Trinity will sustain the high quality educational experience that we all enjoyed so many years ago.”



Charitable Giving After Tax Reform? Consider Your IRA

The Tax Cuts and Jobs Act of 2017 eliminated the personal exemption and increased the standard deduction to \$12,000 for singles and \$24,000 for married couples filing jointly. The new law also limits the deductibility of state and local taxes (SALT) to \$10,000, and limits mortgage interest deductions to \$750,000. Charitable contributions are still fully deductible.

Given these changes, the IRA charitable rollover (known as a qualified charitable distribution or QCD by tax professionals) has become more popular than ever, especially for donors who choose not to itemize their deductions.

If you are 70 1/2 or older you can make a tax-free gift of up to \$100,000 by instructing the administrator of your traditional IRA or Roth IRA to transfer funds directly from your plan to Trinity. (You cannot make an IRA charitable rollover gift from other qualified retirement plans, such as 401(k)s or 403(b)s, or

active SIMPLE IRAs or SEP IRAs.) The amount of the gift counts toward your minimum distribution requirement but is not included as income to you. You therefore will not pay any tax on the gift amount. If you were to withdraw the funds yourself and then make a gift to Trinity, you would have to include the withdrawal in your income. Even if you choose to take the standard deduction, the IRA charitable rollover offers the functional equivalent of an income tax charitable deduction.

The benefits of making an IRA charitable rollover gift include:

- Your withdrawal is not included in your income, so it doesn't affect your taxes.
- Your withdrawal satisfies the required minimum distribution in the year of the gift.
- You have the satisfaction of providing immediate support to Trinity.

To make an IRA charitable rollover gift to Trinity:

- Your distribution must be from your IRA or Roth IRA.
- You must instruct your IRA administrator to make a distribution directly to Trinity.
- You must be at least 70 ½ years old.
- The total of all your qualified charitable distributions for the year must be no more than \$100,000.

- Your distribution cannot be made to a donor advised fund, private foundation, or supporting organization.
- You cannot receive any benefit in exchange for your gift.

For more information on IRA charitable rollover gifts, go to legacy.trincoll.edu/IRA.

Charitable Giving at Year-end

As we approach the holiday season, many donors will be thinking of how best to support Trinity while reducing their tax bills.

Outright giving

Writing a check or charging your credit card are the simplest ways of making a charitable gift, and are tax deductible if you itemize. If, e.g., you are in the 25% income tax bracket and contribute \$10,000, you can deduct \$10,000 on your federal income tax return, which will result in a tax savings of \$2,500. Make sure the postmark on the envelope is no later than December 31 or, if you charge your gift to a credit card, the gift is posted to your credit card account by December 31.

Giving appreciated securities

The substantial gains in the stock market over the last 10 months make giving appreciated securities especially tax-wise this year. If you donate appreciated securities that you have owned at least one year, you will receive an income tax charitable deduction for the fair market value of the securities, thereby avoiding paying tax on the capital gains. For example, if you give stock worth \$15,000 that has a basis of \$4,000, you will avoid paying taxes on the \$11,000 of capital gain and will receive an income tax charitable deduction for the full \$15,000 value. Keep in mind that the gift is only complete once the securities have been transferred, so allow sufficient time for your broker to complete the transfer.

Gifts that will pay income

If you are in or approaching retirement a charitable gift annuity allows you to make a gift to charity and receive guaranteed income for the rest of your life. Gift annuity rates, which recently increased, are determined by the age of the annuitant(s). You receive an income tax charitable deduction for a portion of your gift in addition to an income stream. In most cases some of the income will be tax-free for a period of time. Gift annuities can be funded with cash or appreciated securities. For larger charitable gifts (i.e. \$100,000 or more), a charitable remainder trust is another way to make a gift and receive income in return.

For donors 70 ½ or older

If you are 70 ½ or older, the IRA charitable rollover is a way to make a gift to charity of up to \$100,000 per year and avoid paying income taxes on the gift from your IRA. The gift must come from your traditional IRA and must be transferred by the IRA administrator directly to the charity. The gift will satisfy your Required Minimum Distribution and will not be subject to income taxes. However, you will not be entitled to an income tax charitable deduction.

As always, please consult your tax advisor to determine the best way to achieve your philanthropic goals. Take advantage of the many opportunities to make year-end gifts to support outstanding teaching and learning at Trinity.