

CONTRIBUTIONS FROM RETIREMENT ASSETS

A donation directly from one's IRA to a qualifying nonprofit continues to be an effective charitable giving strategy.

The Consolidated Appropriations Act of 2016 (IRA Charitable Rollover) allows persons to make direct tax-free donations from their Individual Retirement Accounts to qualified charitable organizations such as the Rice Public Library Corporation's *Rice Public Library Campaign*.



Most people, once they reach age 70½, are required to take yearly minimum distributions from their retirement plans according to a federal formula. Ordinarily, withdrawals from retirement accounts are included in the individual's gross income and are taxed as ordinary income. Charitable gifts from an IRA do not qualify for a charitable income tax deduction, but **the IRA charitable rollover counts towards the required annual minimum distribution, and the donated amount is not taxed.**

HOW IT WORKS:

Individuals age 70½ and older can make charitable contributions of up to \$100,000 from their traditional IRA and Roth IRA and the amount of the gift will be excluded from their gross income. Married couples, if each person has an IRA, can donate up to \$200,000. The donation also may reduce estate taxes. Your qualified charitable deduction (QCD) can satisfy all or part of your required minimum distribution. Such a gift to the *Rice Public Library Campaign* may be a beneficial option for you, if you are 70½** and

- You do not need the additional income from the required annual distribution, or you don't wish to defer the distribution to allow your account to grow.
- You have "maxed out" your charitable donations for the year, yet would like to take advantage of this tax-wise giving option to support the *Rice Public Library Campaign*. (IRA rollover gifts do not count toward the 50% of adjusted gross income limitation on charitable cash gifts), or
- You do not itemize deductions. Non-itemizers can take the equivalent of a charitable deduction via the IRA rollover and indicate it on the front page of IRS Form 1040.

Donations from an IRA must be made directly to the charity by the administrator of your retirement account. The *sample letters on the next page* may be useful as guides for providing instructions to your retirement plan administrator and to notify the Rice Public Library Corporation of your intent to make a gift from your IRA.

**Donors younger than 70½ also can make a withdrawal from their IRA or other type of retirement plan, but must pay income tax on the withdrawal and then donate the proceeds to the *Rice Public Library Campaign*.

As with any significant contribution, the Directors of the Rice Public Library Corporation recommend that individuals interested in this giving method should consult with their IRA administrator and/or financial advisors.

Sample Request from Plan Owner to Administrator for a Charitable Distribution from Individual Retirement Account.

RE: Request for Charitable Distribution from Individual Retirement Account

Dear Sir or Madam:

Please accept this letter as my request to make a direct charitable distribution from my Individual Retirement Account (Account Number) as provided by the Consolidated Appropriations Act of 2016.

Please issue a check in the amount of \$ _____ payable to the *Rice Public Library Campaign* and mail it to the address below:

Rice Public Library Corporation
Rice Public Library Campaign
P.O. 561
Kittery, ME 03904
attn: Patricia Kosowicz

In your transmittal to the charity, please provide my name and address as the donor of record in connection with this transfer. Please copy me on your transmittal.

If you have any questions or need to contact me, I can be reached at (telephone). Thank you for your assistance in this matter.

Sincerely,
(Plan Owner)

Sample Letter from Donor *Informing* the Rice Public Library Corporation of a Forthcoming Qualified Distribution from Administrator

Dear Ms. Kosowicz:

It is my pleasure to inform you that I have requested a qualified charitable distribution from my Individual Retirement Account payable to the Rice Public Library Corporation's *Rice Public Library Campaign* in the amount of \$ _____ from my plan trustee/administrator (name of trustee/administrator).

Upon receipt of payment from my trustee/administrator, please send me a written acknowledgement that states the amount of my gift, verification that no goods or services were transferred to me by your organization in consideration of this gift, and that my donation will not be used to fund any life-income plan which is prohibited.

If you have any questions or need to contact me, I can be reached at (telephone).

Sincerely,
(Donor)

Email correspondence can be sent to the Campaign Chair, Dianne Fallon, at ricepubliclibrarycorporation@gmail.com.

CONTRIBUTING LIFE INSURANCE

You also may wish to consider contributing a paid-up life insurance policy you no longer need to the Rice Public Library Corporation's *Rice Public Library Campaign*. With a donation of life insurance, you will also receive a charitable tax deduction and the value of the policy will be excluded from your estate.

Here's how to donate your policy:

1. Contact your insurance agent and ask for two forms:
 - 1) a change of ownership form, and
 - 2) a cash surrender form.
2. Complete the forms. Include the Rice Public Library Corporation's tax ID number (01-0215686) and the address (Rice Public Library Corporation, PO Box 561, Kittery, ME 03904) requested on the forms. Return the forms to your agent and notify Dianne Fallon, Campaign Chair, at (207) 450-6576 or via ricepubliclibrarycorporation@gmail.com.
3. You or your insurance agent should then mail the revised policy to the Rice Public Library Corporation, P.O. Box 561, Kittery, ME 03904, or arrange to hand-deliver it to Lee Perkins, Library Director, located at 8 Wentworth Street in Kittery, ME. In turn, the policy will be surrendered, and the proceeds contributed to the *Rice Public Library Campaign* in your name.

As with all significant donations, we recommend consultation with your financial advisor to determine the charitable deduction and, depending on the value of the policy and your income, any carry-over for which you may be eligible.