

If you are age 70 and one-half years old or older, the newly enacted Pension Protection Act of 2006 allows you to make cash gifts totaling up to \$100,000 a year from your traditional or Roth IRA to qualified charities without incurring income tax on the withdrawal. This is good news for people who want to make a charitable gift during their lifetime from their retirement assets, but have been discouraged from doing so because of the income tax penalty. The provision is effective for the 2008 tax year only, so you must act by December 31, 2008 to take full advantage.

Below are some frequently asked questions about this unique opportunity:

Who is eligible?

Individuals age 70 and one-half years or older by the date of the gift. Specifically, in order to complete a gift by 2008, you must be 69 by July 2, 2008.

How much can I give and still take advantage of the tax-free benefits of the new law?

The maximum amount that can be excluded from an IRA holder's income is limited to \$100,000 per taxpayer per year.

How long do I have to take advantage of this?

You have until December 31, 2008, to make a contribution for 2008.

Can my gift fund a planned gift like a charitable trust or gift annuity?

No. To qualify under this provision, your gift must be simply an outright gift to Florida Institute of Technology.

If I make a gift to Florida Institute of Technology from my IRA, how does this affect my required minimum distribution?

The amount that is rolled over from your IRA will be deducted from the amount of your required annual minimum distribution.

Do I have to pay capital gains tax on the amount that I give to Florida Institute of Technology from my IRA?

No.

If I give to Florida Institute of Technology using funds from my IRA, do I qualify for a tax deduction on that amount?

No. This special charitable IRA rollover allows individuals to avoid paying income taxes that were never paid when the funds were deposited, but you will not receive a charitable deduction.

Why does this only apply to individuals age 70 and one-half years or older?

Most IRAs require that individuals who have tax-deferred income saved in an IRA begin taking distributions from that account starting at age 70 and one-half years.

For more information on the IRA charitable rollover provision,
please contact Rosalind Weiss, Director of Annual Giving, at (321) 674-6849 or rweiss@fit.edu.

PLEASE NOTE: *This summary was prepared as an educational service to you and is not intended as legal or tax advice. Consult your own legal or tax adviser before making any decision based on this information.*