

IRA Charitable Rollover

Background and Status

2016

Legislation containing a temporary IRA charitable rollover provision was first signed into law on August 17, 2006. This charitable giving incentive allows donors to roll over excess retirement savings to any public charity without tax penalties for non-retirement use of retirement funds. Initially, the benefit was only available for the last few months of 2006 and all of 2007, and was limited to gifts of \$100,000 per person, per year. Individuals age 70-1/2 and older could withdraw funds from either a traditional IRA or a Roth IRA, and gifts could be made to any public charity.

Getting the rollover enacted was the result of years of hard work by the NAICU membership and throughout the nonprofit sector. This charitable giving incentive has opened the door to tens of millions of dollars in gifts from alumni and other donors to our institutions. In early 2007, NAICU conducted a poll among our members gauging gifts to our institutions for the five months of 2006 that the rollover was in effect. Responses showed a powerful influence on giving, with over \$60 million in gifts to our colleges and universities attributed to the legislation. When we repeated our survey in early 2008 – for gifts received throughout all of 2007 – those results showed over \$140 million in gifts.

The IRA charitable rollover has expired and been retroactively extended several times since it was initially enacted. NAICU has long advocated that this important higher education tax benefit be made permanent.

In December, 2015, as part of an omnibus tax and spending package, the IRA rollover was finally made permanent. It was retroactively extended to cover 2015, and will exist permanently going forward.