**Making a Charitable Gift through an IRA Charitable Rollover**

Normally, a distribution from your IRA is taxed as ordinary income. However, “fiscal cliff” federal tax legislation enacted January 1, 2013, allows you, if you are 70½ or older, to make a direct gift throughout 2013 from your IRA to the Church through your parish, the Bishop’s Appeal, the Catholic Foundation, a diocesan institution, or other qualified charity without the distribution taxed as income to you. The new law also provides that you may elect for tax purposes to have an IRA distribution made in January 2013 as if made in 2012.

In addition, the new law provides a special election available to individuals who took a distribution from their IRA after November 30, 2012 and before January 1, 2013, and who make a cash gift to a qualified charity before February 1, 2013. Such individual may treat the gift as an IRA charitable rollover even though the distribution is not directly from the IRA to charity.

The IRA charitable rollover law may provide a very good charitable giving vehicle if you are age 70 ½ or older and take the standard deduction rather than itemize deductions on your tax return. The law may also reduce the tax impact on your Social Security benefits or IRA distributions. Your IRA could be considered a special fund for distributions to the Church and charities without the normal consequences of reporting additional taxable income.

The distribution must be from your IRA, not a 401(k) or other retirement plan. However, consult with your financial or tax advisor about the possibility of transferring funds from one of these other plans to establish an IRA, with the distribution to charity coming from the newly established IRA.

The IRA distribution must be a direct charitable gift and not a distribution to a donor-advised fund, a charitable remainder trust or a charitable gift annuity. Distributions to charity cannot exceed $100,000 in a taxable year.

To take advantage of the IRA charitable rollover to support the Church, please review the following helpful tips on how to handle your charitable gift correctly:

• Contact your IRA custodian or representative ***before*** making a gift to arrange for the proper transfer of funds from your IRA directly to the Church and other qualified charities. The check issued from the IRA must be made payable to the charity.

• If you have elected to have income tax withheld from your normal IRA distributions, advise your IRA administrator not to withhold taxes from distributions to charity.

• Consult your tax advisor for the tax reporting of the special election described above.

 • While this topic is fresh on your mind, ask your attorney and financial advisor how to make the Church a beneficiary of your will or trust or IRA.

For more information about how you and the Church can benefit from an IRA charitable rollover, contact your tax advisor, your parish office. or the Catholic Foundation for the Diocese of Green Bay at: Normally, a distribution from your IRA is taxed as ordinary income. 920-272-8173.

These helpful tips are only for your information on this change in the IRA tax law and are not to be considered as legal, tax, or financial advice. You should consult with your legal, tax and financial advisors to implement the benefits of the IRA charitable rollover law and related matters.