

**Dear MUSC Donors,**

The following gift scenarios may help you understand the options you have with the 2013 IRA Charitable Rollover provision. Please note that IRA Rollover gifts to the Medical University of South Carolina require special instructions to qualify for these provisions. Please be sure to contact us for assistance with any IRA gifts.

Regards,  
**Toni Jernigan**, *Director of Gift Planning*  
843-792-2236  
[jernigat@musc.edu](mailto:jernigat@musc.edu)

## **Explanation of January 2013 IRA Gifts**

Section 208 of the American Taxpayer Relief Act of 2012 (ATRA) permits individuals who have received an IRA distribution in December of 2012 to make a cash gift prior to February 1, 2013 and still have a qualified charitable distribution (QCD). Because there have been many questions raised by individuals with specific circumstances, it would be useful to examine several cases to determine whether or not a QCD is possible.

### **1. Partial IRA Gift**

**Question:** Mary IRA received her required minimum distribution (RMD) of \$22,000 on December 5, 2012. On January 15, 2013, she sends a check for \$3,000 to her favorite charity. Does this qualify as a 2012 QCD?

**Answer::** Under ATRA Sec. 208(b)(2)(B), "any portion of a distribution from an individual retirement account" may be transferred to charity before February 1, 2013. Therefore, a partial gift such as the \$3,000 transfer by Mary IRA is permissible.

### **2. December Cash Gift**

**Question:** Joe IRA received an RMD of \$10,000 on December 15, 2012. On December 18, he sent a check for \$10,000 to his favorite charity. Is a distribution and cash gift in December of 2012 still a QCD?

**Answer::** Yes. The requirement of Sec. 208(b)(2)(B)(i) is that the cash gift be made before February 1, 2013. A gift in December of 2012 meets that requirement.

### **3. November 28, 2012 Distribution**

**Question:** John IRA receives his 2012 RMD on November 28, 2012. He would like to transfer \$10,000 of the \$41,000 RMD as a cash gift to charity in January of 2013. Is there any way that this can be a QCD?

**Answer::** No. The requirement of Sec. 208(b)(2)(B) is that the distribution to the taxpayer must be made after November 30, 2012. Distributions prior to December 1, 2012 will not qualify.

### **4. Distribution over RMD**

**Question:** Susan IRA has a 2012 RMD of \$16,000. On December 18, 2012, she received a distribution from her IRA of \$20,000. Can she give the full \$20,000 as a QCD?

**Answer::** Yes. Sec. 208(b)(2)(B) states that "any portion of a distribution" will qualify. Therefore,

any amount up to the \$100,000 QCD limit may be transferred to charity in January of 2013 and it will be a 2012 QCD.

## 5. Prior Cash Gift

**Question:** James IRA makes a cash gift to Favorite Charity of \$10,000 on December 3, 2012. On December 15, 2012, he receives his \$10,000 RMD from his IRA. Can this be a QCD?

**Answer::** It appears that this will not qualify. Sec. 208(b)(2)(B)(i) states that "such portion is transferred in cash" for the QCD. It appears that "such portion" can only come from the IRA distribution. Therefore, the IRA distribution would need to be prior to the charitable cash gift.

## 6. Age 70½ Gift

**Question:** Susan IRA was born June 30, 1942. She is 70½ on December 30, 2012. On December 15, 2012, Susan receives an IRA distribution of \$20,000. Can she make a gift to charity in January of 2013 and have a QCD?

**Answer::** Probably yes. Sec. 208(b)(2)(A) states that "any" QCD in January will be deemed to have an effective date of December 31, 2012. Under Sec. 208(b)(2)(B), Susan makes a \$20,000 gift to charity. Even though she received the distribution on December 15, because the cash gift is in January of 2013 she is deemed to have made the QCD on December 31, 2012. Because she was age 70 ½ on December 30, this should qualify.

## 7. Multiple QCDs in One Year

**Question:** Harry IRA would like to make multiple QCDs in one year. Because he thought that the IRA Charitable Rollover would be enacted for 2012, he had his custodian make a \$5,000 QCD in October of 2012. He also received an RMD in the amount of \$8,000 on December 5, 2012. Harry would like to give the \$8,000 RMD on January 15, 2013 and also add a \$10,000 QCD gift from his IRA to Favorite Charity on January 20, 2013. Will all three gifts be 2012 QCDs?

**Answer::** Yes. First, ATRA Sec. 208(a) changes the sunset date for IRC Sec. 408(d)(8) to December 31, 2013. This enables 2012 QCDs to be qualified. Second, IRC Sec. 408(d)(8)(A) states that "qualified charitable distributions" up to \$100,000 in one year are permitted. The plural on "distributions" permits multiple QCDs in one year within the \$100,000 limit. Therefore, ATRA Sec. 208(b)(2)(B) states that "any portion of a distribution from an individual retirement account" may be transferred to charity before February 1, 2013. The \$8,000 RMD gift to Favorite Charity is a 2012 QCD. Third, Sec. 208(b)(2)(A) states that "any" QCD in January will be deemed to have an effective date of December 31, 2012. The \$10,000 IRA charitable rollover on January 20, 2013 is therefore a QCD with a December 31, 2012 effective date. All three QCDs are permitted.

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